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## REORGANIZATION OF FACTORIES IN SHANGHAI

The transformation of capitalist industry in Shanghai, which came under joint State ownership early in the year, has entered a new stage. The form of all-trade joint operation has been adopted, based on the past practices of processing orders, purchasing orders, unified purchases and contract sales in the case of individual enterprises. The first batch to come under this new joint operation system includes the eight light industry trades of cotton spinning, woollen textile, flax spinning, paper making, enamel manufacturing, cigarette making, rice milling and flour milling. Experience gained in the joint operation of these trades is said to have proved the superiority of the system, compared with the "blind development in Old China, under semi-colonial influence, in a scattered, backward, and abnormal manner."

The old system had defects which are incompatible with the new situation. For example, Shanghai is neither a wheat-producing area nor a city of flour consumers, yet it is the centre of the nation's flour industry. Its great production power could turn out a daily output of 130,000 bags of flour, but the entire industry had fallen idle in the years before the "liberation." Although the industry had partially recovered since then, it had been encountering difficulties owing to its excessive productivity. On the other hand, it was ridiculous that Shanghai's rice milling industry was so strikingly inadequate and backward for a city in the rice-growing delta of the Yangtze and with a populace which is largely rice-consuming. Shanghai's 17 private rice-mills are either hand-operated or semi-mechanical, and the output is said to be inferior in quality. Even with the help of the State-operated mills, the output could barely reach around 65% of the total requirements.

Then again, the production equipment of the woollen trade, though reaching 70% of the woollen industry of the whole State, is unbalanced. Very few factories are complete in equipment but the others are mostly non-process ones, such as for spinning alone, another for weaving alone, and still others for dyeing alone. In order to complete

a certain product it is necessary to go through several factories. The State requires the production of high quality goods for export, but owing to the unbalanced production processes, the quality of products cannot be guaranteed.

The State requires a substantial quantity of woodfree paper, newsprint, typewriting paper, and high grade paper, but the paper mills could only manufacture glazed paper for posters and match-boxes. The difficulties experienced by cotton textile and cigarette-making industries are that the difference between the advanced and the backward factories is too great to make co-ordination possible. The largest cotton mill of the whole State, which has a total of 130,000 spindles and 7,000 workers, is the Sung Sing Cotton Mill, which has under it nine separate mills. There are also other cotton mills each of which has between one and two thousand spindles. It is most difficult to arrange production for these private factories. To meet the requirements of the State and the people and only let the more advanced factories carry on production responsibilities, the medium and small factories would have to suspend work. On the other hand, if the backward factories were given production work, there would be a huge amount of inferior goods left on hand, and it would not be able to satisfy the requirements of the people or for export. Furthermore, the difficulties now existing in these factories would remain unsolved.

Since the adoption of the all-trade State-private joint operation of the eight light industries in Shanghai, overall planning has been made under the guidance of the State. Based on the requirements of the people and the peculiarities of each trade, "retrenchment, amalgamation, reorganization or joint-operation" has already been started. The work of taking an inventory of property and the checking of assets, "based on a fair and reasonable principle," has begun. The personnel are given work according to their capabilities through consultation, and the interests on every side have been given consideration and taken care of.



"Thus the working of economic reorganisation and production is victoriously concluded."

The following conditions have resulted from the re-trenchment, merging, reorganization and joint operation of the eight light industries in Shanghai: The flour and rice milling trades have been merged. Based on the principle of balanced output and sales, the excess productivity of the flour industry has been curtailed. Of the original four flour mills, two (Yu Tung and Chien Cheng) have been merged with the rice milling trade; the Fu Feng and Fu Hsin flour mills have been placed under joint operation. The 15 small, backward rice mills have been merged and placed in the buildings of the two eliminated flour mills, so as to turn them into two larger rice mills—Tung Nan and Ta Shu have been merged into one.

As regards the woollen textile industry, the merging is based on similar products in order to form a complete factory. Two methods have been adopted as different conditions may dictate. One method is to "combine shares, personnel and work" without removing the machinery. Excess machinery may be kept in custody for future removal, and excess buildings are used as workers' dormitory or State room. The second method is to "combine shares but not factory buildings, with production reasonably reorganised." Each factory retains its own original plant for production purposes, but combined with others into a complete factory. After the amalgamation, the 52 scattered and backward factories, together with the two joint-operated woollen textile factories, have become 19 fully-equipped factories which are able to spin, weave and dye their own products.

The cigarette making trade was reorganised by "incorporating the small with the big." There are 16 cigarette-making factories in all, five of which have become joint operated individually; the remaining eleven have been placed under joint operation, with nine small factories included in the three large factories (Hwa Mei, Ta Tung, and Ta Tung Nan).

The other trades are also adopting, according to varying conditions, the above methods to eliminate the backward and excess enterprises and reorganise themselves as State-private joint operation of whole trades. The original 186 factories of the eight light industries have been reorganised into 103 factories, which have assumed a new appearance in the past few months.

Reports from Peking claim that following the adoption of joint operation of whole trades, the nature of the enterprises has been greatly changed, and "the workers consider now more than ever before that they are themselves the masters," and the changes in the production of various factories are considerable. Under the guidance of the Party and the trade unions, the workers as a whole are not only enthusiastic for raising production, but are making rationalisation proposals for the improvement of production. After the adoption of the all-trade joint operation system, a considerable saving has been made in raw materials and supervision expenses. The 17 scattered and backward rice mills, after being amalgamated into three modernized rice mills, could save each year transport and storage fees amounting to 100,000 yuan, according to the preliminary estimates of the Shanghai Bureau of Food Supplies. The two paper mills, Yih Hwa and Hwa Li, following combination, can save 1½ million yuan in administrative expenses. The latent power of equipment has been tapped after the system of all-trade joint operation was introduced. For example, in the three rice mills (reorganised from 17 mills) with the centralization of equipment of the various factories, the use of man power and machinery has been decreased but the daily output has increased 100%. Again, for example, the Yu Ming Woollen Factory, reorganised from four mills, which had in the past been producing 100,000 catties of worsted, requiring 2,668 yarn spindles to operate, is now using only 1,800 spindles to turn out the same amount. As a result of higher production and with Socialist economy playing the leading role within trades and enterprises, it is possible gradually to bring the production of all trades directly into the orbit of State Production.

## COMMUNISM IN CHINA AND INDIA

By M. N. Roy

(Indian Political Analyst)

### I

Since the collapse of Japan, conditions throughout South-East Asia have been favourable for civil war, politically as well as psychologically. Nowhere has the chaos left behind by the Japanese invaders been ended by full restoration of law and order. The authority of the national governments which have replaced colonial regimes is more nominal than real. In any case, it does not extend far.

Under such circumstances, banditry is a profitable profession which can be presented as revolutionary violence or justified with the patriotic explanation that it seeks to give the country a better government. The destitution of the masses and general cultural backwardness breeds callous indifference to the horrors of war. Militarism, the curse of China for half-a-century, is spreading throughout the countries of South-East Asia; Indochina, Indonesia, Malaya, Burma—all are infested with political banditry that paints itself red. India is the only exception, because it alone escaped the misfortune of being liberated by the Japanese and left in a state of lawlessness. But India is no longer free from the danger of Communism. Her political stability, inherited from the British, is shaken. The result of the

first general election opens the perspective of drift from one-party rule to multi-party chaos. There is reason to fear that in India also democracy may be a still-born child. The Communist Party has emerged as a disturbing factor of incalculable potentiality. The ominous development, however, is not altogether unexpected. Conditions congenial for the spread of Communism have been steadily maturing also in India. The difference from the conditions in the rest of Asia has been of degree only.

Lenin once remarked that London and New York would fall on the Yangtse river under the assault of Communism. He believed that a Communist triumph in Asia would secure the final victory of the proletarian revolution in the capitalist countries of Europe and America. Having suffered setbacks in Europe, Communism turned towards Asia and won easy victories there, as Lenin had predicted. The new tactics of revolution are to convert nationalism into a spurious brand of Communism and to establish Communist dictatorships in economically backward, under-developed Asian countries.

Communism in Asia is essentially nationalism painted red. It succeeds not only by inciting to revolt against the



poverty and degradation of the masses, but also by appealing to the xenophobia and other prejudices of the educated middle class. As a matter of fact, Communism in Asia draws its strength more from the latter source than from the revolt of the masses against unbearable economic conditions. The Leninist programme was to regard nationalism as an ally: now Communism plays the role of nationalism and appears at its most extreme form, having a corresponding share of all of its vices—racialism, cultural revivalism, intolerance, jingoism and resistance to Western bourgeois influence. This nationalist degeneration is a general feature of post-war Communism and assumes its most pronounced form in Asia.

The problem of how to fight Communism in Asia will be baffling unless the causes of its spectacular success are discovered and destroyed. One must not be carried away by appearances, such as the "elemental upsurge" of the colonial masses against imperialist oppression, or by preconceived notions about the motives and consequences of this "revolutionary" movement. If compassion for the poor and the down-trodden goes so far as to accept the tenets of economic determinism, it only plays into the hands of the Communists. The elemental upsurge is not spontaneous: it is engineered; and the appeal to base emotions, such as hatred and greed, is a stronger moving force than economic calculations. Ignorance also is exploited to foster blind faith in leaders and in a saviour. The appeal to religious prejudices and to the mediaeval mentality is likewise made for the purpose of mass mobilisation, particularly in the Islamic countries of the Middle East.

While fully exploiting these emotional and psychological factors of the situation, Communist propaganda among the masses plays up their poverty and misery. But in Asia neither Communism nor Nationalism draws its driving force from the masses. The educated middle class constitutes its driving force as well as the social mainstay of Communism in Asia. It plays the leading part, with the masses providing the background and singing the chorus. The main passion of the educated middle class is anti-imperialism, which in the last analysis is racial animosity, and hostility to the real or imagined domination by this or that Western power implies rejection of the values of modern civilisation. Nevertheless, a considerable section of the educated middle class is also moved by a vague idealism. The ideal of social justice, mainly in the sense of economic equality, has a strong appeal for them.

These two factors, a doubtful passion and a nebulous social idealism, combine in a widespread sympathy for Communism among the educated middle class throughout Asia. Admiration for Soviet Russia is the third factor which makes Communism popular. It is rather an admiration for the powerful and the successful than an intelligent understanding and appreciation of Communism. It is, moreover, related to the passion of anti-imperialism. The Western powers are capitalist, and Lenin taught that imperialism is the highest and most brutal stage of capitalism. The educated middle class of Asia has imbibed the Leninist faith. As a Communist power, Russia is the enemy of the capitalist West and a friend of the Asian peoples fighting against white imperialism. Therefore, Communism is a good cause which deserves sympathy, Russia is regarded as an Asian power and Communism the cement of Asian solidarity.

It is curious that the educated middle class, still lingering in the twilight of a feudal-patriarchal cultural tradition, should be attracted by the Communist utopia. The phenomenon can be explained on psychological grounds. It is not so much the ideal of social justice as a promise of dictatorial power that attracts the more ambitious members of a class which occupies the most hopeless and helpless station in the

established order. As a rule, they man the leadership of the Communist Parties of Asia. Dictatorship of the proletariat, therefore, would be their dictatorship. That is an irresistible temptation for educated youths who would normally experience a life of drudgery, defeat and frustration. The profession of social idealism may not be consciously dishonest; in a majority of cases, it is not. Nevertheless, it represents a sublimation of the lust for power.

In Western Europe, Communism is opposed not only by the apologists for the status quo. If that were the sole opposition, Communism could not be stopped. The determination of the progressive and democratic majority to defend the values of modern civilised life—liberty, justice, morality—is the source of strength of the resistance to Communism. Therefore, it has been effective. The decline of Communism in the West is due mainly to its having forfeited the support of many who had previously been attracted by the libertarian and moral implications of its appeal. Now it must depend entirely on subterfuges, demagoguery and violence. In the last analysis, the military might of Russia is the only sanction of Communism.

In Asia, the decisive moral resistance to Communism is bound to be weak because there is no democratic tradition to defend. The toiling masses are deluded by the promise of economic betterment, and the educated middle class, which occupies the centre of the political stage, has indeed a world to gain. Still largely mediaeval, Asian mentality is authoritarian and naturally attracted by the idea of dictatorship. Therefore, Communists can easily infiltrate the nationalist movements. Whoever offers a strong jingoist government, pledged to combat "denationalising" Western influences, wins popular support. Practised in a mediaeval social and cultural atmosphere, democracy is discredited. It breeds corruption and inefficiency. A strong government, meaning a dictatorship, is believed to be the only alternative. The reactionary classes are too weak to bid for it; moreover, they cannot appeal to the nebulous social idealism of the educated middle class. The field is left free for the Communists.

This analysis of the situation and its grim prospect warrant the judgment that in Asia Communism cannot be defeated on the battlefield. The Communists are in a position to conduct a large-scale guerrilla operation all over the continent. There will be little local resistance, military, political or moral. The mechanised might of the Western powers will not be able to cope with the situation, as has been proved by experience in Korea and also in Indochina. Any attempt on their part to do so will only embitter Asian sentiment and the Communists will exploit the race hatred of nationalism. Russia will not take part directly in the "Thirty Years War" of Asia. It will be a war between the East and the West.

Economic aid on the government and commercial plane is no more likely to produce the desired result. It cannot improve the economic condition of the masses in a measurable future. Industrial development on the Western model will not relieve the population pressure on the land; on the other hand, before long it will create the incongruous problem of industrial unemployment in the midst of a general scarcity of manufactured consumer goods. Nor will mechanised large-scale agriculture raise national economy to a higher level; rather will it create mass unemployment because industrial expansion will be restricted by a stagnant market.

Viewed in political terms, economic aid is more likely to defeat its own purposes. In the commercial sense, its benefits will take years to trickle down to the most needy—if, indeed, they ever do. Distribution of the newly created wealth will be delayed on the pretext of giving priority to the expansion of productive capacity. Economic aid on the governmental level falls, as a rule, into the wrong hands.



This is the lesson to be learnt from what happened in China. Generally, economic aid, whether governmental or private, is more likely to buttress reaction than to finance reform with the object of counteracting Communist propaganda.

The prospect is bleak indeed. Communism may not be able to conquer Europe in Asia. That is no longer the object of its global strategy. It seeks to conquer Asia and it stands a good chance of succeeding. And, in Asia, Communism will be an unmixed evil—a revival of Oriental despotism with a thin veneer of modernism disfigured by xenophobia, brutality and violence.

Ill-conceived and short-sighted policies must be abandoned if an effective resistance to Communism is to be organised. It would be strategically wrong to fight a numerically superior enemy all along a front spanning an entire continent. Centres of resistance should be built up where the enemy is still weak. For more than one reason, India is the best suited for the purpose. Pakistan also offers an opportunity.

The whole of the Indian sub-continent could be made fairly safe against any open Communist aggression from outside, provided that the internal security of both India and Pakistan was not impaired by a show of impatience. It would be a fatal blunder to stampede them into taking sides in the struggle between the two power blocs. The sympathy of the educated middle class in both countries is with Russia and the Communist bloc. Impatience, therefore, may tip the scales on to the wrong side. At the same time, a certain measure of appreciation for the values of modern civilisation can be found in these countries so that there is something to defend against Communist vandalism. If India and Pakistan were allowed to find the realistic approach to their political and economic problems out of experience and independent thinking, they might become the centre for generating and radiating a will to offer moral resistance to the siren call of Communism. Russia would most probably leave a neutral Indian sub-continent alone, from fear of driving it into the opposing camp. In India alone are there social forces which can and want to pull the country in that direction.

The power to resist Communism must be generated within the country. The will to moral resistance must be supplemented by political and economic reforms, which need not conform to traditional Western patterns. In order to keep clear off the conflict between the power blocs, India must rely on its own resources for economic development. That necessity will set the pattern. A corresponding pattern of political institutions will have to be conceived. The new form of social organisation created by the exigencies of the situation will most probably be nearer to the original Communist ideal than a competitive economy. But it will be the most effective guarantee against totalitarian dictatorship, whether Communist or nationalist. Decentralisation of power through direct democracy and a co-operative (as distinct from a collectivist) economy must be the characteristic feature of the new social order.

## II

The victory of Communism in China increased the number of fellow-travellers in India. Further encouraged by the electoral success of the Communists at home, many of them may now join the Party itself. Disillusioned by the failure of nationalism to live up to its promises, still others may be lured by the appeal of Communism. Their sentiments are laudable; but they should not make a wrong judgment. They should stop to think before taking the plunge. Communism is no longer a utopia—a plausible ideal. It has been put into practice for a sufficiently long time to unfold its true implications as against the tempting promises.

The fallacy of the theory of Communism can be logically exposed. It postulates dictatorship, that is abolition of freedom, as the instrument to create conditions for freedom. But a rational examination of the appeal of Communism need not rely on the logical fallacy of its theory. It is backed up by empirical evidence. The practice of Communism belies the promises of its theory. Communism promises to put an end to the exploitation of man by man, so that political freedom may be a reality for the down-trodden masses, and untrammelled human development may become possible in all walks of life. That is why it has an appeal for all advocates of liberty and equality. If in practice it has belied the promise, the appeal must lose its moral sanction.

It is not difficult to imagine what would happen if the Communist Party captured power in India. Russia and now China have set the pattern of Communism in practice. It is too soon to judge the consequences of Communist victory in China. But it is not rational to believe that it has done miracles. In any case, it must be logically assumed that the development in China would follow the pattern set in Russia, unless its Chinese adherents revised the theory of Communism. Until now they have not shown any non-conformist revisionist tendencies. They claim to be orthodox Marxists, fanatically determined to be true to the professed faith. So, in the last analysis, the Communist appeal must be judged by the Russian experience, which has been long enough and has definitely set the pattern of the Communist social order.

Reports of the actual situation are contradictory. There is a good deal of propaganda in the favourable as well as the adverse sense. But a dispassionate seeker of the truth can read between the lines of both and form a balanced judgment. The eye-witness reports of sympathetic visitors on short tours are unreliable. The visitors are carefully selected and their tours are conducted. Their reports may correspond to what they have actually seen; but they have seen very little, and they saw through glasses heavily tinted with predisposition. One sees, in imagination, what he wants to see, provided that the desire is strong enough to drown the faculty of discrimination. Apart from this evidence of experimental psychology, there are other reasons for taking the "eye-witness" reports of sympathetically predisposed short-term visitors with a large grain of salt. First, they see only a small part of the picture, and the possibility of window-dressing cannot be excluded. Secondly, one can never know what is in the mind of others unless he can speak freely with them. Most foreign visitors can talk to the Russians or the Chinese only through interpreters whom they cannot select. Thirdly, even if the reports were taken for a true picture of the situation, they do not necessarily prove that the promises of Communism have been fulfilled. They prove that there is a measure of material prosperity and social amenities. But from the reports, granted their veracity and accuracy, it cannot be inferred that material prosperity and social amenities are equally shared by all or equally distributed.

A tremendous technological development has taken place in Russia. Scientific knowledge is harnessed for the conquest of nature. The so-called Shatin plan to change the face of the earth, to transform deserts into fertile land, may not be a fantasy. The same thing may happen under Communism in China or other countries. But similar developments have taken place under capitalism. Granted that the published plans are fully carried out in Communist Russia, capitalist America is still far ahead. So, on that hypothetical record of achievement, Communism cannot have a stronger appeal than capitalism. The standard judgment is the consequence of the achievement. Does it expand the frontiers of freedom? Does it mean equal distribution of



the increased wealth? Does it fulfil the promise of the Communist manifesto that, in the Communist society, the freedom and welfare of all will be conditional upon the freedom and welfare of each? That is the crucial test. Can Communism in practice stand it? It does not. The negative answer is borne out by a fact which the Communists themselves do not deny.

The fact is the continuation of dictatorship even after classes are claimed to have been abolished. In the Marxist scheme of revolutionary practice, it was postulated as a necessity of the transition period. Private property has been destroyed in all the branches of national economy. Consequently, according to Marxist theory, exploitation of man by man has ended; society is no longer divided into classes. All the means of production and distribution having been socialised, and the entire national wealth, actual as well as potential, being commonly owned, the class of the dispossessed and exploited has disappeared. How can there be a proletarian dictatorship in the absence of the proletariat? Yet, the dictatorship of the Communist Party is the most outstanding feature of the new order. As a matter of fact, in Communist Russia political dictatorship is no longer necessary for suppressing the enemies of the working class; it is now maintained to serve the purpose of exploitation of labour by the State, which is the sole employer, of enforcing intellectual subservience to the Communist Party and cultural regimentation.

This state of affairs certainly contradicts the promises of Communism, which appeals to the social idealism of the educated middle class. Nationalism in power has disappointed and disillusioned them. They must explore other avenues to their cherished goal. Thoughtless response to the siren call of Communism would be a jump from the frying pan into the fire.

What is the lesson of the experience in China? The contention that in two years the economic conditions of the masses have been improved to any appreciable extent is, *prima facie*, absurd. None but the most gullible fellow-traveller expected the Communists to work a miracle. Inability to tackle the baffling economic problems of an overpopulated and undeveloped country in a longer time would not warrant an adverse judgment on the Communist regime. It must be given a fair chance. Meanwhile, it has built up a large army and seems to have gone quite a long way towards political consolidation of the country through the instrumentality of a dictatorial regime. These are its positive achievements. China, still being in the period of transition towards Communism, dictatorship may be justified from the Communist point of view. But the Russian experience makes critical observers doubt if the dictatorial regime will liquidate itself after the transition period is over.

As against the positive achievements, themselves of

questionable value, many other things are happening to disillusion the intellectuals who, disgusted with the corruption and inefficiency of the Kuomintang regime, supported the Communists when the latter gained the upper hand in the long struggle for power. Official publications show that corruption in public life has not been stamped out, and mass terror is practised on the least suspicion of disloyalty to the new regime. Many intellectuals who in the beginning supported the Communists seem to be getting critical. They are subjected to "brain-washing". The term, also used in official publications, means surrender of the freedom of thought and conscience under coercion. For what is this price to be paid? The promises of Communism, which won the support of progressive and idealist intellectuals, have not been fulfilled. The Russian experience having set the pattern of Communism in practice, civil liberty, freedom of thought and freedom of conscience will indefinitely remain illusive ideals also in China. The intellectuals, therefore, can never have a place in the Communist society, unless they will betray those ideals.

Nothing better can be expected in India. Even now, neither intellectual freedom nor freedom of conscience is allowed in the Communist Party. Its members who had any illusion in that respect have already experienced "brain-washing". Intellectual subservience and slaughter of conscience are the price they have paid for membership of the Communist Party. Others, who are today lured by the promises of Communism, should think furiously if they are prepared to pay the price.

Although intellectual freedom and moral integrity are too precious human possessions to be trifled with, one might make the supreme sacrifice for the economic welfare of the down-trodden masses. Intellectuals converted to Communism advance this argument in defence of their deplorable behaviour. But the promised blessing for which the supreme sacrifice is demanded never comes. Even in Russia, where Communism claims to have established the ideal social order, the economic conditions of the common people are still far worse than those of the workers and peasants in capitalistic America. This is a statement of fact, not an apology for the capitalist system.

In India also, Communism will not improve the economic conditions of the masses, not within a measurable future, in any case. While the utopia will remain indefinitely out of reach, all freedom will be destroyed, as has been the experience of all other countries where Communists have captured power. Communism, therefore, is certainly not the way to the attainment of honest social idealism. Learning from the experience of others, progressive and idealist intellectuals in India should resist the lure of Communism and search for an alternative way to their cherished goal of freedom and prosperity for all.

## FUTURE OF AUTOMATION

All the signs are that automation in Britain will be introduced very slowly. 1. The high capital cost will place very definite limits on its spread in many industries. 2. Automation will come more slowly than in the United States, where higher labour costs tend to make it an economic proposition at an earlier stage. 3. Automation will come first to industries outside the field of mass-produced metal goods. 4. Offices and banks offer the most promising immediate opportunities. 5. Industrial applications will be exploited first where there is the possibility of cutting out certain processes in production, as in chemicals and petroleum. 6. Steelmaking may soon switch to automation to some extent: refashioning of ingots can be eliminated. 7.

Processing of so-called 'friable' materials such as coal, cement and clay, offer obvious scope for the new techniques. 8. So too does the continuous solid production which typifies textiles and fibres, paper, cables and plastics.

Nevertheless, the time will come when linked metal-working machines will be carrying out the production of a large proportion of British manufactured goods and their component parts.

This raises the question of redundancy. 1. Certainly some labour will be required to control and maintain the new production lines, and this will also involve the learning of new and greater skills. 2. There will also be the new in-



# THE INDONESIAN CITY AND ITS POLITICAL EVOLUTION

By Justus M. van der Kroef

## I

The majority of Indonesian cities originated as centers of royal or aristocratic control. The kraton (court) or dalem (feudal aristocratic residence) were the nuclei around which most cities came into being. Less frequently, a city

dusdry making the new equipment. 3. But labour will obviously have to be displaced from present jobs.

Economic progress has always depended largely on transferring workers from less to more productive work. But automation means that the workers displaced will be of more than average skill on the whole, and this is a new development.

In addition, the movement of labour from industry to industry and from area to area is a more complex matter than at the time of the first industrial revolution. While automation will certainly demand more flexibility in the economy, it can no longer be provided by the unplanned pulls and pushes of the past. The modern economy is too complex, sensitive and finely-balanced for that.

The fact must be faced that there can be no assurance that the new jobs created by automation will be as numerous as those that will vanish. For example, a fully automated motor industry would probably need only about one quarter of its present labour force. So to offer as many jobs as it does today the industry would have at least to treble its output. Some industries will be able to achieve such a growth over a short period—and more besides, but others will not. Thus the need for greater labour mobility will be accentuated by automation.

The possibility of a recession caused by over-production and under-consumption following the coming of automation cannot be ignored. The robot machines may not go on strike, but neither can they buy the cars they produce, and if employment is not maintained and well-paid, demand will fall below the point at which it is profitable to operate the new production lines. So success depends on maintaining the community's purchasing-power. Higher profitability and higher wages will have to be inseparable—and with them will come a shorter working week.

The need for better education and for more and more well-trained technicians is inescapable: so too is the development of management skills to control the new developments.

Eventually automation offers the prospect of benefits for all, and this makes it doubly unfortunate that its first real publicity should come at a time of declining demand in the motor industry, which naturally makes the new techniques less acceptable to the workers. It is also unfortunate that the enthusiasts should be talking in such extravagant terms. They have claimed that half the British labour force—12 million people—may be affected over the next ten years.

It will help to keep a proper perspective to recall the investigation made in America for the United States Government which reported that over the next twenty years only 4 per cent of American workers need expect automation to affect their jobs. With America so much more ripe for automation it is fantastic to expect Britain to develop twenty-five times as fast in its introduction. It is unlikely that more than one million workers will be directly affected before 1966.

There are only four other countries where automation has so far advanced appreciably: America, Russia, Germany and France.

was born as the result of a market or fair, or a river crossing near a ferry or bridge, or because of an ever increasing population in a cluster of villages near or on a fertile strip of soil. From the earliest times trade and international commerce in Indonesia, concerned mainly with the rich spice trade, determined the character and development of cities. The antiquity of this trade accounts for the length of city history: the founding of Surabaya, long Indonesia's first port, occurred before the coming of the Hindus to Indonesia while the history of Palembang, Bantam, Achin and Macassar is older than that of many towns in Europe. Indonesian rulers and aristocracy controlled the trade and their privileges expressed themselves in collected import and export duties, cornered markets, monopolized shipbuilding, investment rights and even piracy. Assisted by a handful of wealthy merchant investors and moneylenders and by foreign peddlers residing in the cities, the rulers of coastal towns and principalities regulated the immense flow of textiles, objets d'art of gold and silver and other luxury items, spices and foodstuffs brought to the Indonesian world. A typical Indonesian town included special quarters for the peddlers, living together according to national origin and the court center where the ruler, clerics, literati, wealthy merchant princes of foreign origin, singers and dancers lived. Between these two sections of the city lay the market place and the commercial center.

Both the kraton proper and the foreign merchant elements influenced the cultural development of Indonesian cities. Especially the court was susceptible to foreign cultural traditions, notably to Hindu and Muslim civilizations. Court ritual and etiquette was often under the direction of Brahmins from India, who accomplished the semi-religious legitimization of the authority of Indonesian rulers. Indian literati and clerics partially Sanskritized the Javanese language and developed many traditions of the wayang (native theatre). Brahmins and other Hindu culture bearers were also employed by wealthy merchants, who resided in the immediate vicinity of the kraton. Both probably contributed to the development of the feudal kshatriya of Hindu knight culture in Indonesia, superimposed for centuries on the unique indigenous traditions of the village. The resulting Hindu-Javanese culture was largely the property of the court and the aristocracy, only to a lesser degree was it the way of life of the masses in the interior. Little if any colonization from India occurred in the Indonesian towns. Outside the Indonesian aristocracy marriages between Hindus and Indonesians rarely took place and at no time did a Hindu society exist in Java.

In the 14th and 15th centuries the courts became Mohammedanized, because of political reasons. The Islamization of Indonesia primarily originated in the cities as the result of the influence of Muslim traders from India and Arabia who spread their religious tenets and traditions through the media of the Indonesian princes. This was in keeping with the predominantly urban character of Muslim civilization as a whole. The adoption of the faith by the masses in the interior occurred later and then primarily because of kraton influence, a process made easier by the egalitarian character of Islam as compared to the socially stratified structure of Hinduism.

Next to the courts, the numerous peddlers and merchants in the city also exerted a cultural influence. They primarily transmitted the technology and craftsmanship relating to the luxury items in which they traded. But since they were usually untutored and impoverished, coming from the lowest classes of society, and were generally migratory,



they were not as a rule in a position to transmit the mature culture heritage of India or of the Islamic Near East. As channels of religious or literary traditions they were insignificant.

The kraton cities, whether Hindu or Muslim in orientation, did not slavishly copy foreign culture, but rather adapted what they borrowed to existing traditions. Particularly in the interior of Java and Sumatra and to a considerable degree along the coast, the urban community remained an integral part of an indigenous feudal society, modified by Hindu or Muslim value gradations and concepts. Indonesian cities developed no distinctive bourgeois characteristics in opposition to feudalism as occurred in late medieval Europe. Each recipient of a fief from an Indonesian monarch, whether vizier, administrative head (*demang*), military chieftain, relative of the king, or ordinary noble, usually established his own court center (*dalem*) around which a merchant population and literati assembled. The Empire of Modjopait, with its East-Javanese traditions, which flourished from the 13th to the 15th centuries, witnessed the extension of this kraton and dalem culture to the interior to a large degree. Modjopait's flourishing trade also encouraged a seaport culture to come into existence, especially in the East-Java harbor cities. After Modjopait's fall these harbor cities, known as Pasisir, experienced a cultural hegemony, which by virtue of trade remained internationally oriented. The advent of the Kingdom of Mataram of Central Java in the 17th century ended the supremacy of the Pasisir culture and initiated an even stronger revival of Javanese culture in the interior, reaching its zenith in the so-called Kartasura period (1688-1744), a Byzantine epoch, when the young Javanese court etiquette and the young Javanese court language attained their completion and polish.

The Javanese court culture, almost synonymous at this time with urban culture, and based on the traditions of knighthood, also influenced the cultural values of the village masses. Classic Javanese literature and especially the wayang reflect this influence. The wayang and the dance were sources of religious inspiration, etiquette and ethics. After the penetration of Western influence, Javanese urban culture confined itself even more to the kratons, it turned inward and became isolationistic, while reaching great heights of aesthetic refinement. According to one student, even contemporary Javanese ideals exhibit the old feudal social gradations and concepts of virtue, some of them the result of Hindu influence. Mataram's contacts with the rest of the Archipelago, through its flourishing trade which was not broken by the Dutch until the 18th century, resulted in a decisive influencing of West and South-Sumatran culture by the Javanese courts. Long after Mataram's fall did the old kratons continue to influence the surrounding countryside and court standards of beauty and craftsmanship prevailed in batikcraft, formal literature and in some instances in the plastic arts.

Urban culture could also be disruptive and fail to make for assimilation in the pro-colonial era. Increasingly after the 9th century A.D. official documents mention persons, who are not part of the *wang yukit*, i.e. the established social order. These included slaves, the *mandala* and some foreign merchant groups. Slavery and debtor bondage became more widespread because of the penetration of a money economy via the trading quarters in the cities and upsetting of village economy by urban commercial capitalism. The *mandala* were autonomous communities, or estates, under indigenous priestly control, which included trades and varieties of craftsmanship believed to require magical and ritualistic supervision. The *mandala* exhibited strong animosity towards the official clerical hierarchy of Hindu origin protected by the kraton and in their constitutions (*casana*) they expressed only a

nominal recognition of the ruler but also much antagonism toward Hinduism, Hindu class concepts and urban culture traits. Some foreign merchants, notably the Chinese, though living in special quarters in the cities and transmitters of certain technological achievements of urban culture, were never truly part of that culture itself, but retained an exclusiveness, which tended early to arouse suspicion and resentment. This animosity was undoubtedly increased by the privilege granted the Chinese minority in many cities to have its own chieftains and judiciary. Indonesian cities thus never experienced the growth of a homogeneous merchant culture and efforts to create more harmony among the merchant nationalities in the cities were in vain, not the least because Indonesian tradition looked askance at the foreign trader, regarding him as coarse and impure.

During the period of Islamization these aspects of urban life did not change. Islam had a more democratic orientation than Hinduism in that it opened salvation equally to all believers. But neither the class structure nor the chief culture traits of the cities were very much affected by the coming of Islam. The Islamic principalities, centered around the seaports along the coast, remained despotically governed; the privileges of the aristocracy, court etiquette, social gradations and class subtleties in language continued to exist, indeed reached even greater heights in Islamic courts. The adoption of Islam by the courts led to its gradual infiltration into the village society, but so much indigenous tradition persisted that one may well say that the Indonesian is a Muslim in name only. Actual cultural resistance to Islam in the cities was insignificant; the new faith was rather blended with existing culture patterns.

Most Indonesian cities in the pre-colonial era gave the impression of planning and regularity. The kraton or dalem located in the center, surrounded by or in the vicinity of the *alun-alun*, a square or park, used as a market, dominated other buildings around it, all built in a fashion corresponding to the direction of the sacred winds. Streets formed a pattern of perpendicular thoroughfares, coming out in the middle of the city. Quarters of merchant princes, literati, and entertainers were either in the kraton or very near to it, while further on, towards the harbor or towards the edge of the city the sections for peddlers, foreign nationalities and lesser merchants could be found. Foreigners might frequently not be permitted to reside within a certain distance of the kraton, so that when the city expanded, the foreign quarters were pushed further and further from the center of the city, giving it a stretched out, oblong shape (Surabaya, Jakarta or Medan). Generally there were only one or two markets, but a busy port like Bantam, might have several for different kinds of food-stuffs. The peddlers' market with its multi-colored booths, its barkers and magicians stood always close to the kraton walls however. Not until the interference of colonial administration in the market life of the Indonesian cities and its social divisions did these aspects of urban life begin to change.

## II

The first Europeans did not cause any major alteration in the culture and social structure of the cities. Their chief concern was trade and guaranteed commercial rights in the harbors of Java and the Moluccas. Their rapacity, the heavy expenses as well as the intrigues of Indonesian rulers, caused the building of the first trading posts (*loges*). The treacherous treatment accorded them in the Moluccas led the Dutch to establish a more permanent trading site on the ruins of the coastal principality of Jacatra on Java's north-west coast. This settlement, called Batavia, became the first Dutch constructed city in Indonesia. Its evolution



provides an insight into the development of colonial urban culture. The attempt to establish a typically Dutch town in Batavia failed. Batavia's small cobbled streets, the closely built houses, the narrow, stagnant canals with their drawbridges and other features of urban life in 17th century Holland, were out of place in a tropical environment. The hierarchical structure of the Dutch East India Company made the existence of a democratic class of burghers all but impossible; it was not without symbolic significance that the center of administration lay not in the city hall, where the sheriff and town councillors deliberated, but lay in the castle, the residence of the Governor-General. Government was autocratic, not more or less bourgeois-democratic as in Dutch towns. Gradually the personnel of the Company began to assume a place in the feudal hierarchy of Javanese society. All the attributes of respect: the payong (umbrella), the sword carriers, and social etiquette, were adopted by the Company's officials. The foreign merchants, trading in Batavia under Dutch protection, lived as in the other Indonesian ports in separate quarters under their own chieftains, appointed by the Dutch. The market system of Jacatra was kept intact, although indigenous trade declined in proportion to the extension of Dutch monopolistic practices. Indonesians resided outside or on the outskirts of the city in their kampongs, and some of them were slaves. The Mardijkers, a group of native freedmen, descendants of former Hindu slaves from India and with some Portuguese blood, probably were the first to bring the characteristics of a typical Eurasian urban culture to Batavia, which was to place a lasting stamp upon the cities of Indonesia in later centuries.

The unhealthy living conditions of lower Batavia were gradually abandoned by the beginning of the 19th century. Napoleon's emissary, Marshal Daendels, made the upper part of the city, known as Weltevreden, the European center of Batavia. This transfer had significant cultural consequences, which paralleled similar changes in other cities that had gradually been occupied by the Dutch, such as Surabaya and Semarang. First, it resulted in the inclusion within the city limits of large sections of Indonesians, who had formerly resided outside the city walls. This encouraged a mingling of blood and modes of living. Secondly, the style of living of the European group changed and assumed in the healthier environs of Weltevreden a semi-feudal, country squire type of existence. Houses became spacious, with servant quarters near the main building, denoting a French aristocratic influence, gardens were large and the architecture emphasized openness, and landed elegance. The Chinese and Indonesians now flocked in increasing numbers to the abandoned lower city, while Weltevreden lost all the features of the typically 17th century Dutch town that Coen had vainly endeavored to create in Batavia. As a result of the change of living in Batavia, a change which was identical with that under which the Europeans of Surabaya abandoned the lower part of their city and occupied the Darmo section, a new feature of urban culture came into being, typically colonial and essentially the product of Eurasian influence.

In the 19th century the number of Eurasians or Indo-Europeans had rapidly increased and since they were generally classified under the law as Europeans their influence in the development of urban culture became dominant. Most Indo-Europeans counted among their ancestors highly placed Company or government officials and they themselves generally held positions of responsibility in the 19th century. Typical features of native life (the rice table, sarongs and kabaya, the wayang, proverbs) were blended in this mestizo culture with the use of the Dutch language (not always successfully), Dutch concepts of hospitality, Dutch etiquette and manners. This urban mestizo culture was an integral part of 19th century



Indonesian society. It retained basic feudal characteristics, and the surrounding village world viewed the cities as a continuation of the old feudal kraton culture of previous centuries.

Various factors contributed to this feudal integration of the cities. In the first place the 19th century witnessed the growth of the concept of national sovereignty in Indonesia, whereby the East Indian Archipelago was regarded as an integral part of the Netherlands realm. This in turn influenced the development of a hierarchy of civil servants, who were placed in the same feudal-supervisory position over the native world as the old indigenous chieftains. The Dutch civil servants resided in the towns, which thus continued to be centers of administrative control. Furthermore the original native aristocracy was absorbed in the new civil service and confirmed in its hereditary privileges by the colonial government. Both the native aristocracy and Dutch civil servants were given all the attributes of aristocratic life: the right to carry the golden payong, to be accompanied by a fixed number of bodyguards, each carrying the symbols of power, such as the naked sword, the whip or images of the sacred birds. The entire 19th century Dutch civil service, from the Governor-General to the lowest clerk was accorded the ornaments of Indonesian feudalism and as centers of administration the cities continued to be imbued in the native mind with the almost divine attributes of traditional government. The indigenous aristocracy made their adjustment to the Dutch colonial society through an ideological tour de force, in some instances justifying their subordinate position to the Dutch government through a mythological rationale involving the descent of their own kings from the Dutch monarch and incorporating in their code of chivalry obedience to the representatives of the Dutch Crown.

Before the middle of the century the number of private European entrepreneurs in Indonesia was small. The cities until then were almost entirely populated by mestizos, Europeans, or native aristocrats in the civil service. A non-bureaucratic element was largely absent and as a result the integration of the city in a feudal framework was facilitated. Both the indigenous aristocracy, in so far as it resided in the towns, as well as immigrant Europeans were also influenced by the mestizo culture.

As a result of these conditions the Indonesian town of the 19th century possessed a greater cultural homogeneity than perhaps at any other time. This was also due to the absence of the disrupting influences of nationalism, of economic and social differentiation among Europeans, of the Eurasian problem and of other disturbing features of later city life. As yet the colonial government had not initiated a program of native emancipation and modernization which would disrupt the village society. To the peasant the city was still the administrative center, where a remote government exacted payment of taxes under a variety of systems, based on the traditional feudal deliveries. European society in the towns, with its easy, landed elegance, its love of native food, and comfort in dress and furniture, its paternal outlook toward its servants residing in the *bijgebouwen* (wings), its love for wayang and its adoption of the Javanese etiquette in its relations with the native world, was, as the older kraton had been, the overcapping of an integrated social order. This integration is reflected in the works of 19th century writers, such as P.A. Daum, Annie Foore and Melati van Java. Though the books of some of these authors appeared in a period when much integration had been lost through the advent of private estate enterprise, war and administrative reform, they do afford an insight into that culture of the towns, known as *Indisch* (Indian, i.e. mestizo) and they reflect a far greater integration with and love for life in the Indies than speaks

for example from the works of the belletrists of the Dutch East India Company in Indonesia.

The 19th century was also characterized by a rapid expansion of cities on the islands beyond Java. By 1890 most of Sumatra with the exception of the interior of Atjeh, South and West Sulawesi (Celebes) and most of Southeastern Kalimantan (Borneo) had been brought under Dutch control. On these islands too existing kratons and dalems became the nuclei of new towns and the centers of colonial administration. After 1860 when private estate agriculture and mining brought a flood of Europeans to the Indies, many cities on Sumatra and Borneo became in fact planters' towns, where Europeans from the surrounding countryside did their shopping and found diversion in the local private club or soos. Since Dutch retail traders were still all but absent, the shops and small department stores in the cities in and beyond Java came increasingly to be owned by Chinese and later by Japanese, who constituted the chief middle class of the cities.

Where a trading center existed on the coast, as for example in Macassar, Pontianak and Amboyna, Dutch shipping interests confirmed the commercial appearance of such cities by bringing warehouses, docks and interisland markets, attracting seafaring peoples from all over the archipelago. Many cities beyond Java grew by leaps and bounds, with the inevitable result that their appearance became increasingly chaotic. The huts of dockworkers, the peddlers' quarters, the Chinese ghetto, the various kampongs, the European residential section, the business quarter, all these interspersed each other, cut through by narrow streets inadequate to meet the demands of modern traffic. As in Java, only the cities in the interior exhibited any planning and regularity, with the administrative center or the dalem in a central position and with the streets, running perpendicular, lined by small shops and warongs (native restaurants), leading toward the residential areas. This growth of cities was due in part also to the popularity which the Indies had aroused among business and professional classes in Holland, it was, in the words of one student, a strange time, everybody's heart was drawn to Indonesia. But the influx of so many Europeans not only created new problems of urban planning, but also difficulties of cultural change.

The aristocracy, in so far as it was not absorbed by the new civil service, and the courts of the once great native states, greatly reduced in size in the 18th and 19th centuries, began to resist the penetration by colonial government and urban European culture. The 19th rather than the 18th century as van Leur has suggested, is the turning point in Indonesian history, for it was in the former century that the new civilization of the cities gradually became stronger until by the 20th century it began to destroy the old integrated feudal order based on kraton and dalem. The Java War (1825-1830) and the attempt of Prince Diponegoro to purify his people from foreign influence is an early example of such resistance. From being once a harmonious part of Indonesian (and especially Javanese) society, the modern city became a Trojan horse within the walls of indigenous culture and would succeed in destroying it. The 20th century altered the physical aspects of Indonesian cities through the introduction of technological advances in construction and transportation and through a process of westernization in the cultural and recreational opportunities that the cities afforded. The new social classes in the city rapidly altered the framework of urban culture. The increase in Europeans from all walks of life made the 20th century Indonesian city less and less an integral part of Indonesian culture and more a western enclave, where sharp social and cultural conflicts resembled similar disturbances in the cities of western countries.



The city retained some of its feudal structure because of the dominant European element, but it came to be based on a tightening of class lines, on a new caste society, which had little or no basis in indigenous traditions. In the government of the cities the European element retained a decisive influence, although in the decade before the Second World War, Indonesians on the town councils increased. This growth was not in proportion to the numerical importance of the Indonesians however. Much of the European element in the cities was exceedingly class-conscious, with the result that the homogeneous character of urban society gradually was lost. Race became the criterion which governed social relations in the cities and since many immigrant Europeans in the cities did not regard their stay as a permanent one, their interest in the indigenous population was small. A government committee noted in 1940 that social contact between persons of a different race but of the same education was according to the unanimous testimony of those questioned by the committee, at a minimum. Racial barriers in European social life and in public places such as hotels and swimming pools, destroyed the integrated nature of 19th century urban culture.

This disintegration was first of all due to the changing character of the European community in the cities. The group of Europeans in the civil service was no longer dominant, a new non-bureaucratic element composed of business and professional interests took the leadership in city life. As a result the economic pursuits of the Europeans became more diversified, and social graduation based on wealth emerged rapidly. After the 1930's some Europeans, ruined by the depression, afforded for the first time on a large scale the painful spectacle of the European of good family, walking along the houses trying to earn his bread by selling his wares. The landed style of living of the urban mestizo culture disappeared; European houses were less luxurious, and more compact, having the features of bungalows. Most Europeans still had servants, but these no longer resided in the house. Society became more businesslike and dynamic and the relationship between Europeans and Indonesians became less paternal. The mestizos and Eurasians disappeared as the dominating element in cultural life, only in the smaller cities in the interior of Java and Sumatra did they hold their own. This was due to their economic decline. The native intellectuals afforded them bitter competition in the civil service and the lesser professions, while the growing European community pressed down on them from the top. European newcomers criticized the Eurasians for their apathy and laziness, their love of comfort and their inability to speak the Dutch language fluently. Discrimination against the Eurasian was evident in social relations and in the employment practices of the larger European import-export concerns and estate associations. The problem of the unemployed Eurasian became by the end of the nineteen-thirties a major obstacle to the improvement of the social unity in urban society.

The most influential new current in the 20th century city was the growing class of native intellectuals and professional men. Since 1900 the number of Indonesians who obtained higher education either in Europe or later in Indonesia itself increased. Intellectually often on the same par as the Europeans and in many ways thoroughly westernized, they were the vanguard of a new cultural force, one which sought to emancipate Indonesian society as a whole by bringing the technological and cultural achievements of the West within reach of every Indonesian. However, the caste structure of colonial society militated against such attempts and a recurring grievance voiced by this group was the small number of Indonesians that were permitted to enter the higher executive and government positions. Almost invariably nationalistic in outlook the group of Indonesian

intellectuals did much to increase the social differentiation between the population groups of the modern colonial town. Many of them were critical of Dutch culture and were more oriented to the intellectual currents of thought in European countries other than Holland. They also opposed the continuation of the privileged position of the native aristocracy in the civil service and demanded that such offices as were held by aristocrats be thrown open to Indonesian commoners. The academic degree became for this group of intellectuals the symbol that signified their equality with the European group and the weapon with which to combat the latter's class consciousness. This degree hunger, illustrated by Burger's tale of the son of a native aristocrat who, when asked what he would like to be when he grew up, replied: LL.M., Ph.D., C.E., could not always be satisfied, due to the limitations on academic training for Indonesians. But those that did succeed became an urban elite, often far removed from the ways of the untutored peasant in the village.

Almost simultaneously with the rise of intellectuals in the Indonesian towns there emerged an Indonesian middle class of traders, small manufacturers and shopkeepers. From the very start their interests collided with the more established position of the Chinese and Europeans and their economic demands took on a nationalistic tone. This middle class as well as the group of intellectuals brought new concepts of social standing to the Indonesian world. With the sharp attack on the aristocracy and with the confinement of court culture and royal splendor to the kraton, the middle class and the Indonesian academicians became the new elite of indigenous society, a new aristocracy of the cities feeling itself superior to the life of the simple villager and frequently deriding the latter. This new social standing facilitated the growth of a westernized Indonesian culture, the first traces of which undoubtedly could be seen in the so-called roman pitjisan (dime novels), in vogue among the more literate Indonesian city dwellers. The social ideals and approved behavior pattern that speak from these books seem almost entirely based on the sophisticated and worldly city culture of the West. The freedom of modern women, familiarity with the more well-known Hollywood movie stars, consumption of alcoholic beverages, and of cigarettes by both sexes, attendance at modern theatrical performances, and glib discussions on modern painters and Western writers are constant features of these novels, thus affording an insight into the way of life and aspirations of the intelligentsia and middle class. It is this class that is now determining the future character of Indonesian culture, because the Revolution has brought it to a dominant position in society.

The emancipation policy of the government and the inroads of western economy in the village household also resulted in a migration of untutored and unskilled Indonesians to the city, to work in the shops, the docks and warehouses, as servants, etc. The growth of an urban proletariat is next to the rise of the intelligentsia the most significant feature of 20th century city life. It reflected a gradual dislocation of the village society, permanently withdrawing every industrious peasant's son who went to the city to become a craftsman, servant or technician from a fairly integrated environment. It also made the problem of adequate housing facilities for lower income groups acute in all urban areas. Finally it brought to Indonesian society in general and to the city in particular a new class of people, who gradually lost most of their traditions and who because of their resulting social instability found a new sense of communal cohesion in urban nationalist parties and labor unions. The rise of labour unions introduced a new feature on the colonial economic scene, which during the heyday of Communist agitation in the twenties deeply aggravated the already severe urban class consciousness.



The cracks in the social order not only appeared in the city itself, but also in the village society surrounding the city. Whereas previously the village society had had a definite if modest place in the culture of the kraton cities and of the mestizo culture, now it came to be viewed by urban Indonesians as a cesspool of cultural anachronisms. The low opinion held of the tani by the modern urban Indonesians speaks clearly from the roman pitjisan and from the works of the better Indonesian authors. The integrated village society itself crumbled under the influence of urban culture. Takdir Alisjahbana in his case study of the village of Pasar Minggu, located just outside Djakarta, has shown how on account of the proximity of the big city the culture of the community has completely collapsed, how adat and folksongs have been forgotten, how the wayang has been replaced by krontjong music, how respect for law and order have diminished to the point where rampok (gangsterism) is a general activity of the inhabitants, etc. In his study of contemporary Daya communities on the West-coast of Borneo, van Naerssen has similarly shown how indigenous traditions disappear under the impact of westernization and how hand-crafts, and recognition of the adat in village society have vanished.

The dislocation of village society under pressure from the city has taken on an almost universal economic character: it has immensely augmented the problems of a dual economy, in which the village as a pre-capitalist society is in conflict with the methods of a full-blown financial capitalism centered in the cities. Just as in Hindu times the penetration of money economy, caused the village economy to come under a severe strain, so did the 20th century with its urban economy increase the abyss between village concepts of production and urban economic operation. The urban Indonesian came in contact with altogether different principles of purchase, contract and economic motivation than those which his fellows in the rural areas were accustomed to. Colonial society was essentially powerless to bridge this gap, notwithstanding various forms of government assistance, and the city in Indonesia may well be regarded today as an alien economic enclave in the sense that its techniques differ sharply from those of the large area under village economy.

Due to the dominant European influence in urban affairs, Indonesians residing in separate quarters (kampongs) within the city were largely mute in the government of the cities. Notwithstanding repeated efforts to draw the Indonesians into city affairs, most officials in all but the smallest towns had, in the opinion of one student, the feeling of governing in a vacuum as regards the Indonesian group. This absence of rapport between city government and the majority of its inhabitants, undoubtedly was responsible for the continued housing crises in most cities. In 1936 Lehmann estimated that in Bandung, with the highest percentage of Europeans in its population of any city in Indonesia (12%), and with an Indonesian population of 77%, the housing area was up to 52% occupied by Europeans and only 40% by Indonesians. The remainder was taken up by other Orientals. In other cities, notably Semarang, Makassar and Medan, the situation was often even worse. The majority of Indonesians in the cities lived in congested slums, where unhygienic conditions either unnoticed or left unchecked by the European town government forced a high mortality rate. In the nineteen-thirties the mortality rate for Indonesians in the city of Djakarta was thirty per thousand, the infant mortality rate 30%. A recent investigation in the city of Makassar has shown even higher rate for infant mortality as a result of the Japanese occupation and the revolution. In general there was a direct correlation between economic status and mortality in the cities. The wealthier minority had a mortality rate that compared favorably with European cities, the large Indonesian majority

possessed a high rate. Although in the years before the Second World War attempts were made to relieve the worst congestions, altogether insufficient funds were appropriated for such purposes by city councils.

Perhaps one reason for the lack of improvement in the living status of the Indonesians in the cities was due to the essentially self-centered, provincial and suspicious character of the European group. Culturally the majority of Europeans in the colonial Indonesian cities lived in an atmosphere of snobbery and imitation. Notwithstanding the rather popular little theatre movement, university extension, lectures and concerts, the intellectual world of the urban Europeans lacked harmony and refinement and was divided by class consciousness and by an often uncritical admiration of foreign cultures, as evidenced in the popularity of groups as the Alliance Francaise, Deutsche Verein, and private clubs for the worship of English culture. Suspicion, engendered by fear, of the outlook and interests of Indonesian intellectuals in the cities heightened this class consciousness. Instances of this suspicion and snobbery are legion in urban Indonesian history. When in 1939 the Governor of East-Java, an ethnologist and Indonesian scholar of repute, led and sponsored a performance of Indonesian children's folk acting and dances on the stage of one of Surabaya's chief theatres in an effort to arouse interest in the cultural traditions of the Indonesian people, the general reaction according to one Dutch observer was a snobbish revulsion on the part of the Dutch audience that the Governor appeared with small katjongs (Indonesian boys) on the same stage. One of Surabaya's Dutch restaurants at the height of the war with Japan prohibited the patronage of the establishment by Dutch recruits, because it did not care to have enlisted personnel among its clientele. Nor was the moral standard of the Dutch community such as to be an example to the rest of the country. The infamous moral scandals of the thirties, involving the highest office holders in government and the armed forces was an indication to what depths the European community in the cities had sunk. The works of colonial novelists of the 20th century, such as *var der Pant*, Zimmermann and the great Edgar du Perron lead one to believe that by the outbreak of the Second World War European society in the cities showed clear signs of social atrophy and moral and intellectual deterioration.

### III

Since the Japanese occupation, the revolution and the end of colonial administration, Indonesian cities have continued to grow and their cultural influence upon the surrounding countryside has remained strong. In the census of 1920, 6.63% of the population of Java lived in Cities and according to the census of 1930, 8.7% of the population of Java lived in 102 communities with a more or less urban appearance. However only eight cities in the whole of Indonesia had a population of 50,000 or more, in 1930, and these cities included more than half of the total urban population. The Indonesian cities exhibited a phenomenon not unfamiliar in the western world: the larger the town, the more rapid its rate of growth. In some cities with a population of less than 25,000, the population even remained stationary during the period 1915-1935. Although no census has been held after 1930, local investigations since that year have shown that urban growth has been enormous. Present day estimates place the total population of Djakarta beyond 2½ million (in 1930: 533,000) and of Surabaya at one million and Djokjakarta at ½ million. In 1930 Surabaya and Djokjakarta had a population of 342,000 and 137,000 respectively. The housing problem especially in Djakarta has become so acute that special suburbs have had to be constructed. In the cities beyond Java, the growth has been less phenomenal and certain cities on the West-



## PROBLEMS OF JAPANESE AGRICULTURE

The postwar rehabilitation of agriculture in Japan is well under way. But it has not yet come far enough to secure a satisfactory standard; many difficult problems are yet to be solved. Agriculture remains backward in its production standard when compared to mining and manufacturing industry. It could narrowly regain its prewar standard only in 1951 while the industry broke the 160 per cent line over prewar production in 1954. The position agricultural income occupies in national income is declining in importance.

Rural economy is under the increasing pressure of population and under-employment, which gives spur to the widening gap between the wage level of agriculture and manufacturing industry. Agricultural wage level fails to reach even one half of industrial pay.

The number of families engaging in farming is fast increasing, gaining about 1 million over prewar figure and

now approaching 6 million. Furthermore, there is a notable increase in the number of those having non-agricultural occupation beside farming. This inevitably accelerates a tendency that the scale of farming enterprises is ever more becoming diminutive.

The disparity between agriculture and other industries tends to become wider. This comes from the fact that while full competition is allowed to go on in the field of agricultural industry, the high-degree capitalistic organization of manufacturing industry precludes such full competition. The fact also contributes to the growing discrepancy that investment in agricultural industry is far lower in contrast to investment in mining and manufacturing industry. Remedial measures will have to take a course toward: 1) multiplying agricultural productivity by means of increasing investment in agricultural enterprises, and 2) effecting an adjustment in the disparity between agriculture and other industries by means of carrying out a government policy for the maintenance of prices and the subsidy of enterprises for the benefit of agricultural production.

The land reform carried out after the war alleviated the pressure upon farmers' economy to a considerable degree, yet the burden of taxes and other public imposts newly put upon farmers' shoulders tends to offset such alleviation. Agriculture is not in a position for the present to accumulate capital. The level of farmers' income and their consumption is low. There is no alternative than to expect investment to come from outside. The core of such investment must be from national treasury.

Recent trend shows that farm households are becoming increasingly dependent for their income upon non-agricultural occupation: the greater part of the class of farmers with farm lands of less than 1 cho (which equals 2.45 acres) who constitute as much as 70 per cent of the whole farm populace of the country, depends upon income from non-agricultural sources to make their living, and this compels such farmers to set apart the better part of their domestic labour power for some other occupation than farming. This is a deplorable phenomenon that stands in the way of the attainment of the country's self-sufficiency in food, and is one of the most serious problems awaiting solution.

It is difficult to estimate the effect of food production increase program; statistics show that there is an increase of 7 per cent in the yield of principal farm products per unit of land acreage. There is an increasing tendency of farm lands being demolished; that is to say, farm lands aggregating 35,000 cho (1 cho is equivalent to 2.45 acres) in area, or approximately 500,000 koku (1 koku equals 1.864 hectolitre) when converted to rice crop, are being lost year after year. Should worn-out lands be added to this, the yearly loss will amount to 800,000 koku. This is a grievous drawback to the successful attainment of self-sufficiency in food.

Self-supporting in food is an important contributing factor to the stabilization of national economy. However, the nation is becoming less self-supporting in food. The percentage of expense for staple food against the total expenditure of the nation has gone up to 20 per cent from the prewar 13 per cent. The nation's food supply has been dependent on importation at the ratio of 10 per cent in the case of rice and 55 per cent in the case of wheat. The percentage of foreign currency disbursed for food import against the nation's total import amount has lately soared to 20 per cent from a mere 2 per cent of prewar days. Demand for food is always growing due to increase in population, advance in the age of population, and the upward trend of consumption spurred by the growth of national economy: the demand is estimated to increase by about \$40 million per year on the average for several years to come. (The estimate is based on the nation's requirements in years of normal crop. For years of a bumper harvest like the current one, there must be certain corrections in the estimated figure). In case that food im-

coast of Sumatra have even decreased in size. On the other hand certain cities in East Indonesia, such as Macassar, Denpasar and Amboyna have grown by leaps and bounds. Each of these three cities has added at least between 8,000 and 10,000 people to its inhabitants since the census of 1930.

Both the Japanese occupation and the revolutionary period facilitated urban growth. Japanese production policy was frequently so harsh that many peasants attempted to flee their land and find work in the cities. The organization of Indonesian youth-groups into semi-military Japanese auxiliaries and the recruitment of labor from the land for military construction work similarly led to an increase in the total urban population. Since the revolution the cities have been flooded by former guerillas and by members of the Republican armies unwilling to go back to their village and seeking a new life in the cities. Many Chinese who were subjected to financial uncertainty and maltreatment in the villages have since the revolution permanently settled in the towns in the hope of finding better protection. Finally the establishment of national independence in Indonesia has called into existence a huge bureaucracy.

As never before the Indonesian cities have become the vanguard in the establishment of a new national culture, retaining much of the traditional civilization but otherwise distinctly urban, dynamic and westernized. The intellectuals at the helm of the new Indonesian state are all essentially products of an urban environment as regards their schooling and political ideals. They possess a vast impatience with the characteristics of the tradition bound village society and view Indonesia's national reconstruction through the glasses of an urban and modernized society. Although the process of creating an urban Indonesian culture has not as yet crystallized itself, it is evident that the town will continue to constitute the new social and cultural over-capping of the Indonesian community. Most political parties in Indonesia today are not only concerned with the realization of specific political platforms, they are also creators of a new social order to take the place of the vanished colonial society. In this process the town begins to assume the features of Western urban society with the emergence of an indigenous bourgeoisie in Indonesia. Bourgeois political idealism is taking the place of the traditional world view, Soekarno's Pantiasila, the five basic principles of the Indonesian state (belief in God, Humanitarianism, Nationalism, Democracy, Social Justice) reflect this idealism. The program of national reconstruction in which the village society is expected to play its part will give even greater importance to the political and cultural reforms initiated by the cities in the future.



# JAPAN'S OPTICAL PRODUCTS

Following its spectacular development in the postwar period, Japan's optical industry has recently come to the fore as an outstanding contributor to the nation's exports. Cameras and binoculars which depend largely upon the good quality of lenses have become major dollar earners. One important advantage is that Japan possesses the raw materials that go into the production of lens. At the same time, the processes of mechanization, which have been rapid in other fields, have yet to be introduced fully in this industry. There is actually little room for optimism on this account because other nations are expected to proceed rapidly toward mechanization and automation in the production of optical products.

The speedy recovery of the optical industry in the postwar period was aided to no little extent by the progress made during the war years as a result of the prodding from the authorities for products to meet the military needs. The postwar industry was based on the wartime research carried out on the development of lens. Since the making of the lens accounts for a large part of the costs in cameras and binoculars, progress was rapid in those items. Japanese cameras, for instance, rank on an equal plane today with any of the finest produced abroad.

Camera production is increasing year by year. Taking 1952 as 100, the output was 160.8 in 1953 and 218.7 in 1954. In terms of value, they came to 163.1 and 206.1 respectively. This sharp upward trend, however, gradually eased off from about the middle of 1953. This was due to the decline in U.S. military procurements, to the drop in exports as a result of the advance of Germany's Zeiss camera on the foreign market and to the fierce sales competition at home.

In 1955, all firms announced new products and improvements and adopted positive export policies. New contracts were also concluded. With mass production of MX fixture shutters, an increase in output over that of last year is expected. From the standpoint that cameras are commercial products in the nature of a hobby, variety in style and use cannot be avoided. At the present stage, however, Japan is at a disadvantage in comparison with the output of its trade rival Germany—both in quality and variety.

port increases progressively every year, it is doubtful if national economy could keep on storing up enough reserve strength to meet the expense.

Balanced expansion of economic scale without inducing inflationary trend must necessarily be preceded by promotion of export. There will be little hope however that a situation where such condition will fully be met will be brought about for several years to come. Even supposing that such promotion of export be realized yet the most part of such increase in export will have to be appropriated for the purpose of counterbalancing the decrease in special procurements, and the remaining portion will have to go to pay for an increase in the import of raw materials for export goods. Only if the increase in export leaves still more margin it would be useable as source of payment for import of raw and manufactured materials indispensable for the balanced expansion of the economy.

It will become therefore necessary to check the upward tendency of the import of food. The expansion of the economy should go parallel with a policy for the promotion of self-sufficiency in food.

Without the expansion of the export market, a further development of Japan's present camera industry is not possible. In order to up exports, quality and precision will have to be improved by modernizing equipment; costs will have to be lowered; and the production setup will have to be greatly strengthened.

The number of cameras exported have differed greatly according to types, but if 1952 is taken as 100, the volume exported in 1953 was 80.8; in 1954, 128.8. In terms of value, it was 96 in 1953 and 103.3 in 1954. Since exports have shown no great advance, a huge imbalance exists when compared with the increase in volume of production. This spectacular increase was due in most part to the sharp rise in domestic demand in 1952-53. The large domestic demand reached the saturation point from about the spring of 1954 and as a result signs of a surplus became evident. Excessive competition on the home market developed and caused a drop in prices. As a countermeasure, all the optical firms in 1955 concentrated on pushing sales of either new or improved type cameras. They also engaged in an aggressive export campaign. Since several firms concluded large contracts in 1955, exports are expected to register a considerable increase hereafter. The Camera Testing Association formed in 1954 is also showing effective results as are the activities of the Camera Service Station established in New York. The two should contribute much toward boosting exports.

As for binoculars, 90 per cent of production is exported amounting to approximately \$5,510,000. This is larger than the camera exports. Eighty per cent of the binoculars are manufactured by small and medium-sized enterprises. At present, more than 90 per cent of the entire binocular output is exported to the United States. Japanese products account for 80 per cent of total American imports. Japan's export binoculars have been standardized in form, and they are of superior quality in comparison with their cost. Their lenses, in particular, are excellent. In recent years, however, export prices have declined raising fears that quality may drop as a result. As a measure to prevent inferior products from being exported, a neutral testing organ is carrying out strict tests on all binoculars. Although little is exported to areas outside the U.S., it is believed that with better publicity on the improved quality, Japanese binoculars can also be sold in various countries of the world.

Exports of Telescopes & Binoculars

	1953	1954	1955
Telescopes .....	20,964	42,077	44,200
Binoculars .....	325,334	439,205	599,239
Opera Glasses .....	146,609	120,360	103,160
Total .....	492,907	601,692	746,599

Camera Production & Exports

	Production	Actual Exports	Exports CPO JCF	Total
1951 .....	276,995	84,430	68,968	153,398
1952 .....	416,774	67,514	87,996	155,480
1953 .....	632,616	60,489	74,445	134,934
1954 .....	883,600	55,777	123,811	179,588
1955 (Jan.-Oct.) .....	802,127	107,065	96,979	024,044

Note: CPO—(U.S. Army) Central Purchasing Office  
JCF—(U.S. Army) Japan Central Exchange



## JAPAN'S AUTO INDUSTRY

Sixty thousand automobiles come off the assembly lines of Japan's growing automobile industry annually. Japan is the only nation in Asia producing automobiles on a mass production basis. Compared with other car-producing nations, Japan ranks fourth in the manufacture of buses. In diesel-operated buses, she is vying for the first place with West Germany. She is still considerably behind, however, in the production of passenger cars.

Japan manufactured its first automobile 50 years ago in 1907. Mass production of cars did not come into its own until 1936. The growth of the industry was often slowed down because of the prevailing economic situation. It was unable to develop as rapidly as its counterparts did in Europe and the United States. The postwar years however have seen the rapid growth of the industry. It has become one of Japan's most important industries among the machinery industries.

Japan must depend to a certain extent on imports of large-sized passenger cars. However in the case of commercial vehicles, such as trucks and buses, the majority of them are of Japanese make. The most up-to-date production system is employed in all phases of production including casting, processing by machines, heat processing, nickel plating, painting and assembling. The various materials and parts that go into making a car are all obtained from domestic sources.

Automobile manufacture is centered around the makers who depend in turn on a large number of sub-contractors for various materials such as tires, batteries, electric wires, etc. Thus, the makers maintain close ties with a wide segment of the nation's various industries. It is estimated that 500,000 workers directly or indirectly make their living from the automobile industry.

At present there are nine automobile manufacturing companies in Japan which produce all types of cars including trucks, buses, utility vehicles and passenger cars. The names of the firms and the types of vehicles they produce are as follows:

Name of Firm	Name of Car	Engine Type	Type of Cars
Fuji Precision Machinery Co.	Prince	Gasoline	Light truck & passenger car
Hino Diesel Industry Co.	Hino	Diesel	Bus, truck & utility vehicles
Minsei Diesel Engineering Co.	Minsei	Diesel	Bus, truck & utility vehicles
Mitsubishi Heavy Industries	Mitsubishi	Diesel	Engine
Mitsubishi Nippon Heavy Industries	Fuso	Diesel	Bus, truck & utility vehicles
Nissan Motor Co.	Nissan	Gasoline & Diesel	Truck, bus and utility vehicles
	Datsun	Gasoline	Light truck and passenger car
Ohta Motor Co.	Toyota	Gasoline	Truck, bus and utility vehicles
Toyota Motor Co.	Toyo-pet	Gasoline	Light truck and passenger car

(Note: Light truck and passenger cars are those with a piston displacement of up to 1,500 cc.)

The following types of trucks are produced as divided by loading capacity: Light-Duty (from  $\frac{1}{2}$  tons to 1.5 tons), Medium-Duty (in the neighborhood of five tons), Heavy-Duty (from seven to eight tons). The largest number of trucks produced are in the medium duty class, but demand

for light-duty trucks has been growing. Heavy duty trucks fill the demand for such specialized uses as long distance hauling, hauling heavy loads or long objects. Heavy-duty trucks and a part of medium-duty trucks use diesel engines while the rest use gasoline engines. The production of diesel trucks has been rising yearly and today accounts for 42 per cent of total annual output.

Buses are made in two sizes—with a passenger capacity of from 28-29 persons and with a capacity of more than 50 persons. The small buses are equipped with a gasoline engine while the large ones use diesels. Diesels account for 90 per cent of total bus production. Japan ranks fourth in the world in bus production. Especially in the case of diesel buses, it is giving Germany a close race for the first place.

Various utility vehicles such as dump trucks, tank lorries, sprinklers, fire engines, crane vehicles, wreckers and public relations cars are manufactured by utilizing the chassis of trucks and buses.

At present, only small-sized cars of up to 1,500 cc are produced. Since it was Japan's policy in the past to place emphasis on the manufacture of commercial vehicles (buses, trucks), development of passenger cars lagged behind Western nations. In recent years efforts have been made to develop the passenger car industry with the result that production has been rising. Japanese cars now compare favorably in efficiency with cars of other countries and their prices are being reduced. If the passenger car industry is to develop further makers must turn out better cars at cheaper prices.

The automobile industry has made efforts to overcome the unfavorable conditions facing it. For instance, Japan must import most of its fuel, the country is small and mountainous and its roads are narrow and poor. As a result, the industry has succeeded in manufacturing sturdy trucks which consume little fuel, diesel buses which vie in excellence with Germany's and small passenger cars well-suited to the topography of this country. It is expected that these efforts will be continued and the originality of Japanese automobiles further developed.

Export of Japanese automobiles has a brief history of only ten postwar years. It is difficult to develop this field in world markets in view of the fact that the names of Japanese cars are not familiar in foreign countries. There is moreover the problem of establishing a service network which would require great sums of money. Japan's automobile industry is also faced with the disadvantage of higher prices owing to small output compared with the car-producing nations of Europe and the United States. The fact however that Japan has exported 6,400 cars to 32 countries in the past ten years is an example of this nation's efforts to promote exports. The efficiency of Japanese automobiles such as diesel buses have come to be recognized by various countries in recent years and the fact that they are being produced in Asia gives a feeling of intimacy to the people of this area.

### Automobile Exports

Year	Passenger cars	Commercial vehicles
1950	7	5,487
1951	—	6,738
1952	—	865
1953	—	1,098
1954	1	987
1955	2	1,229



## DAM CONSTRUCTION IN JAPAN: ITS TREND AND CHARACTERISTICS

The construction of earth dams has a long history in Japan. This is closely related to the fact that agriculture, particularly paddy-field farming, has always been a key undertaking in this country. The construction of earth dams in the early stages was not only imperfect but small in scale. The induction of Western culture early in the Meiji period helped the development of the theory and technique of earth dam construction. At the same time the need for hydro-electric power as a result of industrial development coupled with the enlarged scale of reclamation projects spurred the construction of high earth dams.

The most recent earth dam constructed is the Sannokai Dam in Iwate Prefecture which was completed in 1954. It is 37 meters high and 150 meters long with a storage capacity of 9,600,000 tons. Another earth dam 41 meters high is now under construction in Akita Prefecture.

The oldest gravity dam in Japan is the 33-meter-high Nunobiki Dam in Kobe, which was completed in 1900 for the purpose of supplying drinking water to the city. The 49-meter-high Oi Dam on the Kiso River, completed in 1924, was the first gravity dam built in Japan for power generation purposes.

The fact that Japan is one of the countries in the world where earthquakes are most frequent prevented the application in toto of European theories to the construction of high dams in Japan. In 1925, however, the results of Dr. Nagaho Mononobe's theoretical research on gravity dam construction were published and made way for a spectacular advance in the technique of dam construction. Since then many high dams have been constructed. They include the 80-meter-high Tsukahara Dam, completed in Miyazaki Prefecture in 1938, and the 84-meter-high Miura Dam, completed in Nagano Prefecture in 1942. The famous 107-meter-high Suiho Dam on the Korean-Manchurian border was also completed in 1942.

The construction of dams received a severe set-back prior to the outbreak of World War II owing to shortages of cement and other essential materials as well as funds. During the war it was virtually at a standstill. After the war, construction of dams was resumed because of the necessity of supplying electricity for industrial reconstruction as well as of flood prevention and of increasing food supply.

Today, some ten years later, the construction of new high dams is steadily moving ahead. Among the projects now underway are the Oguchi Dam (height—149 meters, length—345 meters, storage capacity—184,000,000 tons); the Sakuma Dam on the Tenryu River (height—145 meters, length—429 meters, storage capacity—370,000,000 tons) for power generation; the Tagokura Dam on the Tadami River (height—145 meters, length—429 meters, storage capacity—370,000,000 tons); and the Okutadami Dam also on the Tadami River (height—155 meters, length—430 meters, storage capacity—558,000,000 tons).

Dam construction in Japan is quite different from that of Western countries in many respects including scale and structure. Despite the marked development in construction technique largely as a result of the induction of foreign know-how as can be seen in the series of high dams now under construction, dams in Japan are generally not large.

This is due to the steep topography and other geological handicaps as well as to the financial limitations of the nation. The greatest difference in structure between Japanese and foreign dams is to be found in the fact that arch dams and rockfill dams are extremely scarce in this country. This is due to the lack of scientific endorsements regarding their ability to resist earthquakes. As a matter of fact, these two types require a comparatively small quantity of materials and are suitable to Japan from an economic standpoint. Thus, most of the dams in Japan are concrete gravity dams except the Kamishiiba Arch Dam (height—110 metres; length—320 metres, storage capacity—76,000,000 tons) and the Ishibuchi Rockfill Dam (height—48 meters; length—345 meters; storage capacity—12,000,000 tons) completed last year plus a few others.

Another feature of Japan is the huge number of earth dams for irrigation purposes. This is only natural because paddy fields for rice growing require reservoirs to maintain a constant and steady source of water supply. When those of small scale are included, the earth dams for irrigation in Japan are estimated to total as many as 280,000.

Dams are constructed for various purposes, e.g., for flood prevention, power generation, irrigation, water service to general households and industrial plants or for all these purposes combined.

Before the war, most dams in Japan were built for a single purpose, but in recent years more so-called multi-purpose dams are being constructed. They combine the important function of flood control. The famous TVA project in the United States, however, influenced greatly the dam construction in this country. Typical examples are the composite development projects now in progress in the Kitagami and Tone River basins.

Composite development programs for 15 rivers were completed by March, 1955. As a result, 493,000,000 cubic meters of water have been stored, annual flood prevention benefits have been assessed at Y800,000,000 (approximately \$2,222,000), maximum power generation has reached 280,000 KW, and agricultural production has been boosted 190,000 koku (approximately 950,000 bushels). This multi-purpose formula is expected to account for an overwhelming proportion of dam construction in the future.

Dams in Japan have other characteristics. For instance, their storage capacity is comparatively low because of topographical and geological disadvantages to the construction of large dams and the lack of good pocket-lands. Japanese dams, whose storage efficiency is in the neighborhood of 500 at the maximum, bear no comparison with, for instance, the Hoover Dam in the United States with a storage efficiency believed to exceed 12,000. Despite the adverse natural conditions which are beyond control, Japan is more blessed with an abundance of river water than other countries. There is also rich rainfall twice a year in spring and in autumn which increases the utility of reservoirs and makes up for their smallness in size. But in contrast to these advantages, heavy rains are apt to cause washouts and bury the dams owing to the sharp topography and the denudation of forests during the war. For example, the Yasuoka Dam on the Tenryu River was buried for the most part within 10 years after its completion.



# ECONOMIC SURVEY OF THE REPUBLIC OF KOREA

(Compiled by United Nations ECAFE Secretariat)

## PART II

### TRADE AND PAYMENTS

Both visible exports and visible imports (excluding aid goods) fell sharply during the fiscal year ended 30 June 1955. Imports fell more than exports. On the export side, the decline was concentrated in tungsten. As mentioned in the preceding section, the tungsten purchase agreement with the United States expired in March 1954 and was not renewed. The fall in imports was caused by reduced imports of cereals and miscellaneous consumer goods. The south Korean visible trade deficit was cut substantially, from \$95 million in FY 1954 to \$55 million in FY 1955.

Measured in dollar receipts, south Korea's major export continued to be tungsten (\$1,858,000, including \$835,000 received for exports to the United States in the previous fiscal year). Next in order came raw silk (\$1,121,000), graphite (\$1,090,000), edible seaweed (\$916,000), anthracite (\$600,000), inedible seaweed (\$590,000), iron ore (\$406,000), bristles (\$384,000) and bismuth (\$361,000). On the import side, the largest single item was rayon yarn (\$8,454,000), followed by worsted yarn (\$5,142,000). Following these two textile items were sugar (\$3,520,000), textile machinery (\$3,234,000), newsprint (\$1,917,000), cotton yarn (\$1,538,000), and electrical machinery (\$1,266,000). These figures all cover only the first 11 months of the fiscal year beginning 1 July 1954.

Increased sale of south Korean services served to offset south Korea's trade deficit in the fiscal year 1954/55, particularly since the latter declined. The foreign-exchange holdings, therefore, increased by some \$16 million, while open-account indebtedness (to Japan) increased only very slightly. As can be seen, however, these "services" were rendered largely to the United States and United Nations forces in south Korea itself, and will not continue as a balancing item after these forces are withdrawn.

The volume of aid-goods arrivals under the several non-military international assistance programmes also speeded up substantially to \$195 million in 1954/55, compared to \$164 million in 1953/54. These imports, supplied free of charge, do not enter the south Korean balances of trade or payments. They serve to maintain south Korean consumption, permit south Korean real investment, and reduce inflationary pressures. The majority of these imports absorb local currency which is employed to offset the budget deficits, to meet local costs of economic reconstruction and development, and to finance industrial operation. Two main methods are followed. Imports of raw materials and equipment by government or aid agencies are sold to the entrepreneurs, some items at government controlled prices. Another part of the United States aid fund is sold by the Bank of Korea to commercial firms for importation of approved goods for sale to the public. The local currency thus derived is deposited to a counterpart fund account. Aid-goods arrivals continue to lag behind the annual aid programmes. Three-fifths of the aid scheduled in the 1953/54 and one-third in the 1954/55 programmes, particularly in their investment aspects, were still to arrive and would make their impact on the south Korean economy at the end of the 1955/56 fiscal year. The reason for the lag in arrivals of ICA/FOA aid goods was that the agreement on each programme and

the aid fund needed to finance it required such long negotiations that it could not be implemented until late in the respective fiscal year.

Special problems with respect to both commercial and aid (UN and US) imports from Japan had arisen since 1953 when an unofficial embargo was placed upon them. The matter came to a head in 1954. Ever since the Korean liberation in 1945, there have been numerous unsettled issues between the two governments. On the economic side, these issues relate to (1) property claims by citizens of each country on the territory of the other, (2) the Korean claim to sovereignty, and particularly fishing rights, in waters up to 90 kilometres off the Korean coast line, (3) the status of Korean open-account indebtedness to Japan. In November 1954 the Korean Government agreed to accept aid goods imported from Japan provided that country was the cheapest source of supply compared with other sources for goods of the same quality, but difficulties arose regarding quality specifications and the volume of actual aid goods imported from Japan has remained small. In August 1955 the Korean Government suspended all commercial trade with Japan, following Japanese reiteration of certain property claims in Korea dating from the Japanese regime. This trade remained in suspension in September, with the Republic of Korea exploring new markets for its exportable goods.

### Exchange rates

The Korean Government had persistently refused to recognize the continuing depreciation in the exchange value of the hwan as the internal price level rose with the inflation spiral. Consequently, the pegged official rate became progressively overvalued in terms of the real worth of the hwan. As a result, a complex multiple-rate system developed at a time when the Government was forced to protect the export and certain domestic industries against the consequences of the unrealistic official rate. There were also well organized, though officially illegal, open market dealings in foreign currency notes, cheques and other payment orders, smuggled gold and U.S. military payment certificates—MPC or the so-called "G.I. money". The latter, denominated in U.S. dollars, is used only by authorized military and civilian personnel and valid only in U.S. military establishments and authorized U.N. establishments in south Korea. They are however much in demand by the Koreans as a hedge against inflation and by some merchants for use in illicit trade with Japan. Their exchange rate with U.S. dollar notes is at a discount of generally 25 per cent.

Private foreign exchange balances are permitted to be held at the Bank of Korea—the only bank authorized to deal in foreign exchange transactions. Up to the beginning of 1955, holdings were segregated according to the source from which the foreign exchange was originally derived.

Firstly, there were the Exports Accounts to which proceeds of exports and related services were deposited. These were transferable between holders, who must however be registered exporters with certain specified qualifications. Secondly, there were the General Accounts which were confined to foreigners enjoying diplomatic privileges. Third, there were the Special Accounts to which foreign exchange



derived from sources other than exports were deposited. Transfers from the latter two accounts to the Exports Accounts were subject to official permission. The Exports Accounts were further divided into sub-accounts for export earnings from Japan, export earnings from other countries, "preferential" earnings from exports to Japan, and "preferential" earnings from exports to other countries. Consequently, there arose many rates of exchange, depending to a major extent on the degree of restriction to which the particular type of foreign exchange was subject. Thus the "preferential" and exports account dollars permissible for payment of imports from Japan obtained the highest price, with approximately 30-40 per cent premium over other exports account foreign exchange of which the use was limited to items on the Government's approved list. These rates were well above the official rate, which was raised from 60 hwan to 180 hwan to the U.S. dollar on 15 December 1953 and remained at this rate until June 1955. During this period, the Export Account rate rose from 280 hwan to over 500 hwan to the U.S. dollar, while the rates valid for imports from Japan were much higher.

The multiple-rate system was also fostered by the licensing system of import control in which each specific type of goods was subject to a quarterly quota restriction. As a result, imports of essential goods and materials for which there was great shortage were limited to and their internal prices dictated by the extent of the quota allocated for them in any quarter. Similar restriction was also placed upon private commercial procurements being financed with ICA (FOA) aid dollars which were sold by competitive bids for each type of commodity. Thus the exchange rates for ICA aid dollars varied from 180 hwan to over 500 hwan to the U.S. dollar, depending on the internal price level of and the amount of dollars authorized at a given time for the particular commodity being procured.

There were therefore some thirty or forty exchange rates applicable for imports. Some, notably fertilizer, coal and raw cotton of which the sales prices were subject to Government control, were procured at special rates below the official rate, but these were revised at the beginning of 1955 and by mid-1955 most rates were in the range of 360 to 500 hwan to the dollar.

The Government owned U.S. dollars, derived from the surrender of the export proceeds of tungsten from Government operated mines and from the repayment of monthly advance of hwan to the United Nations Command for local military expenditures, were allocated at irregular intervals as "loans" to importers repayable in hwan on a multiple-rate basis, which was higher than the official rate but varied with the particular type of commodity approved for import. Late in 1954, the multiple-rate was abandoned in favour of a single rate of 200 hwan. In October 1954, the "loan" method of selling Government dollars was replaced by competitive bids. The average rate for the first sale was over 500 hwan to the U.S. dollar, although the dollars could not be used for imports from Japan. The United Nations Command was permitted in November to sell U.S. dollars by the same method to obtain hwan needed for current military expenditures and sales to United Nations military and civilian personnel instead of receiving monthly advances from the Government for repayment in U.S. dollars at the official rate. However, the UNC dollars could be used only for importing specified goods approved by the Korean Government and could not be used, in particular for purchasing most Japanese goods.

It was about this time that the Korean Government began to recognize fully the harm which the out-dated quota system and the highly complex multiple-rate system had done and were doing to the country, and serious attempts were

made to put an end to this system. The import quota system as well as the segregation of private foreign exchange holdings into three types of account were abolished in January and February 1955, but the sub-divisions of "preferential" foreign exchange and the exports earnings from Japan and from other countries were retained.

On the basis of experience gained from the sale of government dollars, ICA aid dollars and UNC dollars in 1954 and 1955, the official hwan-dollar rate was revised to 500-to-1, following United States-Korean discussions in Washington in August 1955. At the same time, measures were taken to make the new rate effective. ICA aid dollars allocated for private commercial procurement were sold and the hwan needed by the military command were exchanged by the Bank of Korea at this new rate. Most imports under government price control were put on the new rate immediately, while a few items imported at the rate of 350 hwan to the dollar (notably coal and fertilizer) were to be adjusted by easy stages to the new rate but in any case by 1 January 1956. The future of special incentive rates for Korean exporters has not been determined officially. While the Korean Government is making a strong effort it remains to be seen whether the new rate can be effectively maintained for any length of time.

#### SELECTED EXCHANGE RATES, JUNE 1955

	(Hwan per US\$)
Official rate .....	180
Military conversion rate (weighted average of auction sales) ..	489
Export rates	
Preferential (valid for Japan) .....	1,391
" (invalid for Japan) .....	1,370
Export (valid for Japan) .....	796
" (invalid for Japan) .....	586
Open-market rates	
Gold .....	855
Dollar notes .....	763
Military payment certificates .....	671

#### FINANCE AND PRICES

##### Public finance and the budget

After the United Nations Command's decision to replace United Nations troops with Koreans, the Korean government has taken steps to raise and maintain a peacetime Korean army of 20 divisions. After the Korean armistice of 1953 deficits resulting thereby were to be financed with the local currency from the aid goods counterpart fund account. Deficit in the fiscal years 1953/54 and 1954/55, initially financed almost completely by borrowing from the Bank of Korea, have been major contributing factors for increased money supplies, and the inflationary rise in commodity prices. A third successive deficit budget was adopted in August for the 1955/56 fiscal year, promising continuance of the same general trend, unless it can be counteracted by the timely implementation of the projected aid programmes.

The 1954/55 budget covered a 15-month period from 1 April 1954 to 30 June 1955, as the Korean Government changed its fiscal year from April-March to July-June. Three supplementary budgets were necessary during the year, in addition to the principal one. The revisions were caused by a number of factors: flood relief in late 1954, reoccupation of demilitarized territory north of the 38th parallel, financing of the Korean Reconstruction Bank, increases in official cereal prices, increased military pay and subsistence, etc. In addition, receipts fell below estimates, since aid goods were late in arriving and counterpart funds fell short. Military expenditures dominate the picture, accounting for H.85,100 million or 71 per cent of the total expenditure. (Veterans' expenditures and national police are included in the military category). The budget deficit of H.21,600 million was larger absolutely but smaller relatively than the



deficit of the previous fiscal year (H.20,400 million), over-all expenditures having more than doubled (H.52,000 million in 1953/54, H.119,800 million in 1954/55). The full effect of the government expenditure and deficit was not felt by the end of the fiscal year, since some H.12,000 million authorized during 1954/55 will be spent during 1955/56.

This 1955/56 budget was drawn up on a slightly different basis and has not been made strictly comparable with the earlier budgets. The figures should probably be regarded as tentative, since revisions will probably be required by the new exchange rate of 500 hwan (instead of 180) to the dollar. The over-all deficit of H.20,200 million is comparable in size but smaller in proportion than its predecessors, government expenditures having increased further to H.167,900 million. A large part of the increased expenditure is accounted for by a long-overdue increase in the pay for government officials (including school teachers, commissioned and non-commissioned officers). The new schedule, effective in August, increases the money portion of the average civil servant's salary from 4,003 to 16,565 hwan. The rice portion remains valued at official prices, the average figure being 3,435 hwan.

The 1955/56 budget was however suspended by President Syngman Rhee early in September. The salary increases to government employees were waived for another year, after having been paid in August. Increased transportation and communications rates, monopoly prices, etc. were also withdrawn after having been in effect for a month. The net effect of those changes is expected to be a reduction of the budget deficit by perhaps H.6,000 million.

The published budgets cover the Central Government only, adequate figures for local government units not being available. They are also incomplete in that the operations of the "vested companies" are not included. These are former Japanese-owned properties and enterprises vested in the Korean Government in 1945. The more profitable or otherwise attractive ones have been largely sold, 154,000 in all and 73,000 in the fiscal year 1954/55. Left undivested, and largely operating at a loss, are some 138,000 pieces of property, representing 40 per cent of the total estimated value of the "vested companies". The Korean Government hopes to sell all the remainder, much of it suffering from war damage, poor management, inadequate repairs, and material shortages, during the current fiscal year. Sales are by competitive bidding, but only Korean citizens are eligible to bid. Occupiers of residential vested properties or managers of vested business enterprises are given the opportunity to meet any "outside" bids, while the government refuses to sell below certain "reservation prices", which have in the past often been too high for sales to be made.

There were no important changes in the south Korean tax system during 1954/55. Tax receipts rose from H.18,350 million in the year ending 31 March 1954 to H.34,630 million in the year ending 31 March 1955, reflecting increased collection efficiency as well as higher prices and increased output of some taxed commodities. The major stress is on indirect taxes, which are probably regressive. The land income tax, which farmers pay in produce (in lieu of other income taxes), is the most controversial element in the system. A vigorous campaign was launched in 1955 for its repeal, as imposing on the farmer more than his fair share of the income tax burden. The tax was extended for another year primarily to avoid the expansion of the money supply which would have been provided to finance open-market purchases by the government or its employees at open-market prices the rice now collected by this tax and distributed in rations.

Controversy also arose in September 1955 regarding the application of south Korean income tax and profits taxes to foreign firms, particularly as regards collection of back

taxes. Foreign residents claimed that assessments were arbitrary and that the levies were based on gross rather than net income, and proposed in some instances to leave the country rather than pay the amounts assessed. The Korean Government is reported to have expressed itself as willing to negotiate in individual cases.

National bond sales yielded H.3,000 million of revenue in 1954/55 and are relied on for H.5,000 million in 1955/56. These national bonds are issued for 5 years, and bear 5 per cent interest. They are sold on a compulsory basis to recipients of government contracts, licenced loans, allocations of goods, and other economic privileges. They are transferable, and may be resold immediately after purchase. The resale price as of August 1955 of a bond redeemable in 1960 was approximately half its face value.

#### Money and credit

The Republic of Korea has a relatively well developed banking system. There is a central bank, the Bank of Korea. There are four commercial banks with 157 branches throughout south Korea, a government owned Korean Reconstruction Bank specializing in longer-term industrial credit, and 138 financial associations with 395 branches for agricultural credit under the centralized control of the Federation of Financial Associations. Because of the low level of voluntary savings, however, most of the credit advanced by these institutions is traceable to the money created by government deficit financing and the Bank of Korea.

Three of the commercial banks are vested companies. The bulk of their stock is held by the Korean Government, and management is in the hands of Government appointees. This system has given government agencies and government enterprises (i.e. other vested companies) certain advantages over private business in securing credit. The first attempt to divest these banks by selling stock to individual Koreans was made in late 1954, but the method of block sales of stocks by bids has thus far failed because of the high reservation prices placed by the government upon the bank shares.

The main check upon inflationary credit expansion by the commercial banks in south Korea has been a so-called "loan ceiling" system. An upper limit is imposed on the total volume of commercial bank loans, and this limit is further broken down by banks and by industrial categories. The ceilings are imposed, and revised quarterly, by a Monetary Board which includes representatives of the Finance Ministry, the Reconstruction Ministry, the Bank of Korea, and the Office of the UNC Economic Co-ordinator (who is also the Director of the United States Operations Mission in the Republic of Korea). The ceilings do not apply to loans to government agencies, loans to government-managed vested companies, or loans to finance the purchase of aid goods. Outside these favoured categories, bank loan rates averaged between 12 and 15 per cent per annum. The government deficit and credit expansion in the favoured categories were generally sufficient to point the price level upward, and there has been constant pressure to raise the loan ceilings with the price rise.

The Korean Reconstruction Bank is a new government agency, founded in April 1954 to supply long-term and intermediate-term credit at relatively low rates (10 per cent per annum on the average) to industrial enterprises. As of 30 June 1955 it had outstanding H.13,900 million in credits, concentrated in certain key industries: electric power, irrigation, coal, marine products, cement, fertilizer, chemicals, and industrial alcohol. It has been originally hoped to finance this institution largely by sale of its securities to the public. This proved impractical in the absence of organized security markets and in the general inflationary



environment of Korea. Of the bank's total assets of H.18,500 million (as of 30 June 1955), practically the entire amount was subscribed by the Korean Government and the Bank of Korea which had to take up the total issue of the bank's Reconstruction Bonds. About H.1,600 million are represented by counterpart funds; this proportion is expected to rise as a result of the 500-to-1 exchange rate.

The financial associations have also been financed largely by loans from the Bank of Korea through the Federation of Financial Associations rather than by the savings of farmers themselves. The total loans provided by the Federation (H.1,914 million as of 31 March 1955) are almost entirely accounted for by the Federation's borrowings from the Bank of Korea (H.1,794 million as of the same date).

The combination of government deficit financing and bank credit creation has led to a money supply expanding at a rate well in advance of the real output of the south Korean economy. The main counteracting force has been the sale of government foreign exchange and foreign economic aid (measured by actual arrivals of imports), and it has been quite inadequate as a counter-weight thus far.

#### Prices and wages

In 1953/54, a 150 per cent increase in the money supply was accompanied by only 8 per cent wholesale price rise. In 1954/55, however, both wholesale and retail prices rose by approximately 110 per cent between June 1954 and June 1955, but declined from August. Grain price rises were primarily responsible for the increase in the all-commodities price index, the rise being partly occasioned by the insufficient rainfall in May and June.

The basic cause of the persistent Korean inflation is the desire of the Korean people and their government for a greater volume of economic goods and service than can be provided by their own resources and the amount of external aid available to them, both civilian and military. In each section of the economy, the scarcity problem presents itself as a lack of money or credit, but when the money and credit is created, the result is higher prices rather than more goods and services. The "inflationary gap" between Korean desires and resources has been estimated statistically by the Office of the Economic Co-ordinator, at \$300-\$400 million annually.

It can be argued persuasively that under certain conditions inflation can increase employment and output, and therefore accelerate economic recovery and development, if used in small doses and for short intervals. There is no doubt, however, that the Korean inflation has long since exceeded desirable limits.

Save for the loan ceiling restrictions on commercial bank credit, no comprehensive system of checking inflation by over-all or indirect controls has been evolved. The direct-control system is equally fragmentary. The government insulates its own employee in substantial degree from inflation, by paying part of their wages in rice at low official prices. Many other employers follow suit, paying in kind if not in food rations. The government does set official prices for rice, for fertilizer, and many imported raw materials and capital goods, but free public sales at higher prices are not in most cases illegal (foreign currency being one of the exceptions) and much of what is purchased at official prices is resold profitably in the free market before being consumed or processed further. Government enterprises (including the vested companies) are required to sell part or all of their output at low prices fixed by the National Assembly. These low prices, falling far short of production costs in many cases, are supported as anti-inflationary measures. However, the resulting deficits must be financed, usually by inflationary credit creation, and the net effect on the total economy is probably inflationary more often than the reverse.

South Korean wage statistics are fragmentary and delayed. It appears generally, however, that wages lag behind prices when inflation accelerates, only to catch up when inflation slows down. It also appears that retail grain prices exercise more direct influence on the "fair wage" notions of workers and employers than does the over-all retail price index.

With the tempo of price increases remaining high during 1954/55, wages have appeared to lag somewhat. Although retail prices in Seoul rose by 87 per cent between June 1954 and March 1955, wages rose by only 43 per cent. However, wage movements varied considerably, both between industries and between occupations in a single industry. Wages of plasterers, masons, painters, metal workers, printers, and bookbinders in Seoul, for example, rose by over 100 per cent in the year ended April 1955. Wages of bricklayers rose by 76 per cent and those of textiles workers by 80 per cent. In less skilled trades and in certain depressed industries, on the other hand, the picture was quite different. Wages for ordinary unskilled labour in Seoul rose by 60 per cent in the year ending April 1955, and for unskilled heavy labour by only 30 per cent. Workers in rubber goods (a depressed industry) received increases averaging less than 20 per cent. In a number of trades (tailoring, glass-making, soy-sauce brewing, blacksmithing), actual declines were reported in Seoul or Pusan (primarily the latter city) during the first half of 1955.

(End)

## FISHERIES OF KOREA

By Jai Hyon Lee

The coastline of Korea, including the innumerable islands, bays, and inlets, is very long—about eleven thousand miles. Moreover, on the coasts of Korea cold and warm sea currents meet—a favorable condition for fishing grounds. There are some seventy-five kinds of edible fish in Korean waters, twenty kinds of shellfish, fifteen algae and ten kinds of other edible sea animals and plants. In the Korean diet, fish has been of traditional importance as the chief source of animal protein. It has been indicated that as much as 85 percent of the animal protein consumption of the Korean people was provided by sea food. Not only was fish historically significant as a source of domestic food consumption, but at one time marine products constituted a

major export category. In the 1930's Korea was the sixth largest fish exporter in the world. The fish catch reached a peak of 21 million metric tons in 1937. That was during the time when a huge sardine catch was made annually off the eastern shores of Korea.

However, this remarkable catch resulted from the reckless exploitation of fishing resources by the Japanese without any thought of the consequences. For example, in 1932 the catch of sardines was 275,900 metric tons, and in 1937 it increased to 1,388,200 metric tons. Then, in 1938, there was a sharp fall in the catch of sardines—to 975,500 metric tons. The catch continued to fall rapidly until 1942, when the sardines virtually disappeared from



Korean waters. Since the beginning of the Japanese invasion of China till the end of World War II (1937-1945), Korea as a source of marine products was considered by the Japanese to be of great importance. At least three-fourths of all fish caught in Korean waters were used for other than food purposes, while 91 per cent of the catch of sardines in 1937 was processed further—chiefly into oil and sardine cakes. Sardine oil was used in the production of hard oil, glycerine, fatty acids, gunpowder, etc., while the cake was used for fertilizer.

**Marine Products Manufactured in 1938**  
(in metric tons)

<b>Food Purpose:</b>	
Dried fish .....	34,800
Salted dry fish .....	7,300
Boiled fish .....	15,600
Salted fish .....	55,400
Canned fish .....	2,019,000 boxes
Seaweeds (laver, etc.) .....	10,200
Other foods .....	12,600
<b>Industrial Purpose:</b> 317,400	
Fertilizers .....	198,900
Fish oil .....	116,000
Other products .....	2,500

The above table indicates that more than two-thirds of the manufactured products were not used as food, and some of them served important war purposes. From this it might be assumed that approximately one-fourth of the fish caught and less than one-third of the manufactured marine products were used by Koreans for food purposes. Unfortunately this was not the case; parallel to the development of fishing in Korea a rapid growth of exports of fish from Korea to Japan took place, as may be seen from the following table:

**Trade in Marine Products, 1926-1938**  
(in 1,000 metric tons)

	Imports	Exports
1926 .....	11	103
1929 .....	12	155
1932 .....	13	161
1935 .....	14	248
1938 .....	21	510

According to the above table—derived from the Japanese official report of 1941—imports of marine products into Korea were very small as compared with exports which in twelve years increased almost five times in quantity. In other words, about five-eighths of the fish and other marine products were exported to Japan, bringing little benefit to the Korean population, despite the increase in quantity of fish caught in Korean waters.

The fishing industry of Korea was affected adversely not only by the disappearance of sardines in 1942, but also by the deterioration and curtailment of facilities for catching and processing marine products during World War II. Moreover, when the Japanese departed in 1945, they took with them practically all the off-shore fishing fleet, leaving behind boats which were suitable only for in-shore operations in the shallow waters of the Yellow Sea.

In the Yellow Sea close to the west coast of Korea where most of the present catch is collected, there is a wide variety and substantial supply of important species of fish and other marine products, such as seaweeds and shellfish. However, heavy exploitation by the Japanese without proper conservation during their years of control poses a threat to the supply for the future.

Some activity was undertaken after the Liberation from the Japanese yoke to restore and keep the fishing fleet and processing equipment in repair, but aggregate efforts were far from adequate. The Republic of Korea Government, with the help of ECA, had barely gotten underway an ambitious rehabilitation effort when the Communist invasion occurred. The Economic Cooperation Administration helped in various materials essential for the fishing industry; however, the aid was not sufficient to permit full recovery of earlier levels of output, although production did increase considerably in the late 1940's. The general

condition of the facilities of the fishing industry is still a dismal one.

Fisheries in 1952-53 accounted for only 3 per cent of Korea's gross national product, but marine products are important for export and in the home diet. War damage caused by the Communists to fishing boats, fishing gear, fish markets, auxiliary buildings, canning and ice-making plants, and other fishing facilities further reduced already depleted and deteriorated fishing efficiency and productivity.

In 1952, the fishing fleet consisted of nearly 44,000 vessels with a gross tonnage of 159,000 tons. Of this total, only eight per cent were power boats, accounting for 46,000 gross tons, or 29 per cent of the gross tonnage of the entire fleet. Because of age and size, this fleet is useful only for in-shore fishing. However, the Koreans have the experience and the capacity not only for maintenance work but also for the construction of additional boats for in-shore fishing.

Canneries in Korea which process fish are now working at only half capacity. In 1952, there were twenty-one canneries operating in southern Korea. Compared with an annual capacity of 260 thousand cases, production in 1952 was slightly under 113 thousand cases. As with so many other facilities, the machinery is in bad repair and there is serious need for physical rehabilitation of the plant and equipment as well as for the improvement of technology.

There are 33 ice-making plants with an aggregate daily capacity of 484 tons. There are shortages of essential materials for ice-making and the equipment is in need of repair and replacement parts, while storage facilities must be expanded.

With respect to salt, production has not been large enough to meet domestic needs. In 1952, domestic output was approximately 25 per cent short of total requirements. The fishing industry has been receiving one-half of its requirements in recent years. There are plans, however, for substantial expansion in salt production facilities to meet not only growing domestic needs, but also to develop an export market.

Concrete steps toward creation of an adequate fishing fleet have been taken with the help of the United Nations Korean Reconstruction Agency. A project under a \$700,000 allocation has been the construction by the Cheoy Lee Shipyard of Kowloon, Hongkong, of ten 77-ton trawlers 75 feet in length, powered by the latest British-made Crosley diesel engines. They are fitted to permit two-boat "bull trawler" fishing and can operate more than 1,000 miles offshore. But the most promising project is the 13-ton fishing boat construction plan. It became reality at the end of January when five of the long vessels suited for in-shore fishing slipped into the water from the Chosun Shipyard at Pusan while cheering spectators cried "Man-eun Mul-koki!" In English, that means "Many fish!"

The five vessels were built under a loan system worked out by UNKRA that is expected to be copied by shipyards all along Korea's coastline, particularly at Mokpo, Inchon and Kunsan. The shipyard had three more boats over half built at that time, and the five finished boats had no sooner hit the water than work began on another five. Loan grants have been made for construction of twelve others.

UNKRA has brought in more than half a million dollars' worth of supplies which, sold to fishermen, already is in use. The end of the year will find that amount doubled.

In general, the present fishing industry in Korea may be described as having favorable potentials; but the lack of equipment and materials, and of research and conservation are resulting in serious underproduction and great waste. However, a target of per capita consumption in 1958-59 has been set at about 20 per cent above the level which prevailed in 1949-50. This will supply Korea's needs and also permit some export.



## CHINA'S YOUTH IN RECLAMATION WORK

China has been adding to the labour forces mobilised for a variety of public works all over the country by creating Youth Reclamation Corps which have been formed in 16 provinces and municipalities throughout the country. Their slogans are "Marching toward Wasteland" and "Marching toward Difficulties." The "wave of high enthusiasm" of which the official Communist papers speak is doubtless attributable more to the organisers of these teams than to the youths themselves who are being posted for the most part to the wildest and most intractable parts of the country such as the unpopulated Heilungkiang areas between the railway and the Amur River, to the borders of Sinkiang, to Hainan, and to the uninhabited areas along the new trunk railway from Paotow and Lanchow to the far West.

The trail was blazed by a municipal reclamation team recruited in Peking. Since then pioneer batches have been organised in other parts of the country and especially in the cities. Tens of thousands of them are now at work from Heilungkiang to Hainan Island. They have encountered "numerous difficulties" on the wasteland, which is destitute of even primitive amenities. One of the first things they did was to build shelters for sleeping quarters, and channels for the conveyance of water from wells or streams near the camps. Most of them had no previous knowledge of hard manual labour but "through labour in practice, they have acquired skills they had not been familiar with before and their hesitancy has given way to firmness."

The teams were gathered in and organised by the Communist Youth League who have looked upon the task of mobilizing the youths for reclamation work on the borderlands as an important job. The Fukien provincial branch of the Youth League added the creation of experimental youth collective farms to their task, and charted and surveyed wasteland for this purpose.

One batch of the Shanghai Young Volunteers team were favoured with a special call by the top officials of the Youth League Secretariat from the Central Office and Kiangsi branch and were very much enthused by this honour in the Kiangsi county of Teh An. "The eyes of some of the women members were moistened. These young people, in responding to the call of the League, left their home towns for reclamation work and entrusted their future to the League. Hence they had special feelings for the League. Today, according to the Chung Kuo Ching Nien Pao (the official organ of Communist youth), many of the team members "glowed with the joy of having seen their own folks: they all said: 'We're too happy today, the League really has us at heart.'"

The disposition of unemployed in the major cities is evidently expected to be a bigger problem than at any earlier period of the present regime. Many of the trades and industries which have been taken over by the State were redundant, and concentration into fewer and larger units undoubtedly means that a good many will be looking for jobs, especially on the clerical and administrative sides. Craftsmen will never be superfluous: there are indeed far too few artisans available. It was admitted by the Kwang Ming Jih Pao of Peking that the "non-productive population" in many big cities had been gradually increasing in the past few years. Some of them, of course, were peasants who had "blindly infiltrated" into the cities. So the Chinese authorities have been trying to remove all these from the cities and send them back to the countryside for production.

In Shanghai, from April to October last year over 550,000 people were "mobilised" (rounded up) and returned to the rural areas. Similar measures were taken in Tientsin, where some 30,000 persons were rounded up. "The people sent back to the countryside had reflected the view that messing around in the cities would not lead them to Socialism, and a better future awaited them on their return home for production." The nicest thing about it is that "they all considered the measures taken by the Government to be correct." The sending back of hundreds of thousands of these people from all the major cities had not only given a fillip to Socialism in the countryside—they were no doubt enlisted in the collectives or producer co-operatives—but had saved heavy expenditure on relief in the cities. Some thousands of them had been drafted to 34 higher producer co-operatives to undertake the collective reclamation of wasteland and even more were sent to areas "where there is plenty of land and few workers" and where the co-ops are well founded. The rest also took part in various forms of labour production.

The youths who go to the reclamation areas have been "called to voluntary (i.e. unpaid) labour," and those who prefer not to go have to pay the expenses of those who do.

It was announced in March that the first batch of 170,000 families had arrived at Harbin en route to the new lands to be developed in northern Heilungkiang. It was stated later that 380,000 young people are to take part in land reclamation in Heilungkiang this year. It is not quite clear whether the two groups are one and the same, but most probably they are. A provincial conference at Chiamusze of Young Land Reclamation Pioneers said the Corps will reclaim three-quarters of a million hectares, and shock brigades will be formed to do the job. Most of the acreage will be new and uncultivated land. New rice fields are to be irrigated and brought under tractors.

The cities are being cleaned out of surplus labour for this and similar development projects. The plans for mobilising and channelling these labour forces into farming work were put into effect in the autumn. In Changchun alone nearly 7,300 households totalling over 25,000 persons were organised and sent off to the countryside. They first settled down in the suburban areas, where they learnt their new jobs and then were transported by railway to the places where they were needed.

Work in re-moulding and placing unemployed "tramps" in suitable jobs is proceeding in Shanghai. Some 18,000 of them have already been mobilised for labour employment, and some 7,000 have been organised into work-teams for work on the Huai River conservancy schemes. Some will also go to farms set up in southern Anhwei.

A similar movement in industry is drawing half a million young workers and employees in Liaoning province into industrial emulation campaigns. In the South, youth shock brigades are also being employed on the surveying of the difficult Szechuan-Kweichow Railway. The construction of this line will be a formidable undertaking, for almost 60% of it will run along mountain ranges. There will be no less than 118 tunnels, 56 bridges of large and medium sizes, and 925 small bridges and tunnels.

No fewer than 66% of all the youth in transformed industrial and commercial enterprises in 12 cities in Kiangsu, including Nanking, Wushih, Nantung, Hsuechow, Soochow, Yangchow and Chinkiang, have joined the Youth League. They number 15,500.



## PEKING'S CONTROL OVER THE MINORITIES

Nobody is quite so naive as to assume that the Chinese Communists have forced the national minorities into the Communist economic system merely for their bright eyes. Every man's work counts and they are being compelled, and taught, to produce for the needs of the State as well as for their own needs. The recent Chinese Census estimated them to total some 35 million compared with the 550 million Chinese, scattered all over the land, with 6.6 million of the Chuang people in Kwangsi, 3½ million Tungs (Chinese Moslems), 2½ million Tibetans, 1½ million Mongols, 3.6 million Uighurs or Turks, 3¼ million Yi people, 2½ million Miao, 1¼ million Pui people, and 6.7 million other minorities. They are to be regimented like all the rest, and for all the same destiny is held out. As Liu Shao-chi said, the building of a Socialist system is a common objective of all nationalities in China. Only the stages of development will vary. The Socialist content of culture is to be the same for all without distinction, for the Communists are bent on moulding all to the needs of a totalitarian industrial State.

It has not all been plain sailing. Some of the Mongols of Inner Mongolia "misunderstand" regional autonomy, confusing it with independent sovereignty wherein the leadership of the government of a higher level is not needed, as Ulanfu, Chairman of the Inner Mongolian Autonomous Region, put it. "They think that once an area becomes autonomous, there is no need for the Hans. Some think that after regional autonomy, the Han (Chinese) cadres who are now helping them enthusiastically, will leave them." The wish no doubt was father to the thought, but Peking soon found a remedy for this. It deprived Suiyuan of its status as a province, and put it into the Inner Mongolian Autonomous Region, with the overwhelmingly numerous Chinese population, and thus gave the Han the majority in the region.

The much larger minority nationalities have their own House in the Soviet Congress, though it is seldom heard of, and even in China they are given 202 seats in the National Congress, or one-sixth the total membership, which is far in excess of their proportion to the total population. But the 65 members of the Standing Committee of Congress, which has all the power and does most of the work, include only one of the minorities—the Panchen Lama. The State Council, too, includes only one member from the minority nationalities. The Suiyuan technique to ensure that the will of Peking is obeyed differs in other areas, but with the same object in mind. In Sinkiang they take advantage of the patchwork of nationalities and by bringing all of them into autonomous administrations, play one against the other and transform, say, a Muslim area into a "coalition" manipulated quite freely by the representatives of Peking.

But if the Communists part with not even a fraction of real power and authority, they are nevertheless giving all of them the benefits and otherwise of their universal rule throughout the old Imperial domain. And though the Han officials play a dominant role they are training up many young activists among the minorities who share their ideas and as recent converts are "more Royalist than the King". The Institute for Nationalities in Peking, like the famous and controversial Institute the Russians established in the early years of the Revolution in the indoctrination and agitation centre of Tashkent, is one of the most interesting media of the whole lot and when Prince Sihanouk, the Premier of Cambodia, visited it in mid-February he must have been impressed by the sight of more than 300 students

in their national costumes. It is in these indoctrination colleges that the future of many peoples both within and outside the Chinese borders will be shaped and ultimately determined. There are also branch bodies in the provincial capitals and near the borders, as in Yunnan.

"Retrogression in culture and lack of scientific knowledge are the enemies of the people in new China," and the role of the revolutionary intellectuals therefore is all-important. Hence some 8,000 students from the minorities were sent to the higher educational institutions in 1955, while minority students in the secondary schools and specialization schools reached a total of 184,700. All these are reserves and reinforcements for the ranks of national minority cadres. Thirty were picked and sent to further their studies in the Soviet Union.

The grown-up national minority cadres have played an important role in unification with "the fatherland" and in strengthening the unity of the nationalities under the leadership of the Party. They have made great contributions towards reforming the retrogressive aspects of their peoples and in furthering the development of political, economic, cultural and educational enterprises. They also co-operate in guarding the frontiers. "The growing up of large numbers of these minority cadres is of great significance. . . . It signifies that the Party and the regime have taken root among these minorities. The people of the national minorities are spiritedly and cordially grateful to the CCP and the People's Government for their help in the cultivation of cadres. Treated as incompetent barbarians under the previous regime, they have now become officials to serve their own peoples. Many of them had witnessed cruel oppression and massacre in their history, and were obliged to take a humiliating role when confronted by the officials, police and soldiers of the KMT regime. They were moved to tears when they saw their own people become *chu chiefs*, magistrates, and administrators. The people of the minorities see in these cadres the incarnation of their hopes."

When the former Kaili Miao autonomous area in Lushan hsien, Kweichow, was established, the Miao people spent three days and nights in succession to celebrate the occasion, and in Lungshien the Chuang, Tung, Miao, and Yao nationalities celebrated the occasion till dawn. Old men who had never left the mountains in 25 years came down with their women in their folk costumes.

As early as 1950 the Government in Peking promulgated a plan for the creation of national-minority cadres and now, after several years of effort, they have "sprouted like dandelions in a spring lawn," as the Chinese put it. Even before the People's Government was founded there were 10,000 of these cadres. The number has risen year by year and by 1954 they totalled over 161,000. Since 1955 emphasis has been laid on elevating their quality and promoting large numbers of them to leadership posts. Not many of them are in the specialization and technical fields, but trade and public health cadres have been vigorously fostered. Higher medical personnel is scarce. The development of cadres lacks balance, however.

The province of Kwangsi had cultivated some 20,000 of these minority cadres by early 1954, and in the Miao area of west Hunan the minority cadres had doubled in number. In the Sinkiang Uighur autonomous region, over 2,600 of the 36,000 cadres of different nationalities were leadership cadres and backbone elements. There has been similar



## REPORTS FROM CHINA

**Sino-Egyptian Relations:** People's Daily in Peking commenting on Egypt's recognition of China stated: "Both China and Egypt suffered in the past from foreign enslavement. We are now rid of the chains of colonialism and have become independent. We desire to build up our own countries, to develop our economy and our culture. We cherish peace and want to be friendly and to cooperate with all peoples. The significance of Sino-Egyptian friendship far passes their boundaries. It also marks the increasing unity between China and the Arab states and closer ties between Asia and Africa!"

**New Appointments:** Chairman Mao Tse-tung appointed 12 leaders to new government departments: Po I-po,

Head of the National Economic Commission; Huang Ching, Head of the National Technological Commission; Wang Hoshou, Head of the National Construction Commission, concurrently Minister of Metallurgical Industry; Peng Tao, Minister of Chemical Industry; Lai Chi-fa, Minister of Building Materials Industry; Chang Lin-chih, Minister of Power Equipment Industry; Wan Li, Minister of City Construction; Sha Chien-li, Minister of Light Industry; Li Chuchen, Minister of Food Industry; Hsu Teh-heng, Minister of Marine Products; Wang Chen, Minister of Land Reclamation; and Lo Lung-chi, Minister of Timber Industry. The Ministry of Heavy Industry, the Third Ministry of Machine Building, the Ministry of Local Industry and the Municipal Construction Bureau were abolished. Peking also set up the Administrative Bureau of Supplies and the Bureau of Experts. The former Experts Bureau was renamed the Bureau of Foreign Experts.

growth in the south-west. In Yunnan these cadres had doubled to 15,300 in two years. In 1952, the national minority cadres in the Hsi-shuang-pan-na autonomous chou of the Thai people consisted of only 5% of the total number of cadres in Cheli, Fuhai, Nanchiao, and Chengyueh hsien. Following the enforcement of regional autonomy, these cadres grew at a fast rate, and up to the first half of 1955 they were over 30% of the total, while in the autonomous organs they number 68% of the total. Some of them are now serving as leadership and backbone elements in the different establishments.

Similar progress is also noted in the Tibetan autonomous chou of Szechuan, in the Lushan Miao region of Kweichow, and in other parts. Special emphasis has been laid on cultivating women cadres among the national minorities. All these minority cadres are drawn mostly from the activists, patriotic intellectuals, students and leadership personnel of the large and small nationalities. The eight institutions for nationalities of the Central Government, and the regional institutions, have trained more than 16,000 cadres of the chu and hsien levels and the 14 schools for minority cadres have trained more than 13,000 ordinary cadres.

At present the ranks of the minority cadres are enormous and of marked significance, declared two experts on these problems, writing in the Kwang Ming. It is the policy of the Party and Government to eliminate all inequalities step by step so that the different minorities may join ranks with the advanced nationalities in their transition to a Socialist society "of plenty and well-being." More of these cadres are needed for the immense amount of work to be done. The shortage of backbone leadership is acute, and the quality of existing cadres leaves much to be desired. But the movement has gone already far beyond the expectations of the CCP and the minority peoples themselves.

The minority peoples stand to gain from the changes imposed on them in a material sense, just as the Chinese people themselves will in the end—and, for that matter, as they undoubtedly did in a thousand and one ways from the much-abused foreign imperialists who came to China, began her foreign trade, set up lighthouses, dredged harbours and rivers, established Customs, Posts and Railways, built roads and modern buildings, installed sewage works and waterworks, electric light and gas works, and established universities and hospitals all over the land. But while the status and presence of the foreigner was a spiritual hurt to the prouder Chinese, in the case of the minorities they will have to pay a human cost, for the Communists are people who never count such costs in the pursuit of their aims of material advance.

**Oil Industry:** Peking boasted that oil drilling footage in China this year will reach 400,000 metres. More than 300 structures of oil reservoirs and 240 sites of oil seepage had been located including the Tsaidam Basin in Chinghai, the Tzungaria Basin in Sinkiang, the Kiuchuan Basin in Kansu, the Szechwan Basin and the Ordos area bordering Inner Mongolia. In the Tsaidam Basin, 91 oil structures had been found, the biggest of which extends over a thousand square kilometres. The Karamai (known also as Heiyushan) area in Sinkiang proved to be a major oilfield. The overall yield of gasoline from crude oil rose from 22.8% in 1952 to 25% last year. Crude oil output in 1957 would reach 2,012,000 tons and drilling 800,000 metres.

**Power Plants:** A hydro-electric station on a tributary of the Yangtze River near Chungking is being enlarged to three times its present capacity. Surveying has begun for a big hydro-power project to be built on the Han River. The project will also serve as the starting point of a future canal to link China's two biggest waterways—the Yangtze and the Yellow rivers. Two Diesel power generators made by the state-owned Tsinan Diesel Engine Plant will be installed in Shigatse, Tibet.

**New Factories:** A measuring instruments and cutting tools factory is under construction in Chengtu. The production capacity for this factory will be greater than that of the Harbin Measuring Instruments and Cutting Tools Plant erected in 1954. The new factory will be completed before end of 1957. In Shensi, a new 90,000-spindle cotton mill is under construction in Kuanchung. It is the sixth mill to be built in the province. A factory for the manufacture of prefabricated reinforced concrete parts is being erected in Peking. Its annual output will be sufficient to assemble 350,000 square metres of concrete buildings. In addition, it will also produce 85,000 cubic metres of building concrete. The factory is expected to begin production early in 1957. In Shanghai, a new fish processing plant started operation recently. This plant was built by the state-owned Shanghai Marine Products Company. Work has started on a sugar refinery in Sienyu County, Fukien. It will handle 1,200 tons of sugar-cane a day. This will be the biggest of the 40 mechanised sugar refineries now being built in the province. With the completion of this new plant next year, Fukien will turn out 50,000 tons of refined sugar a year. Construction of three sugar refineries, an oil mill and a canned food factory has begun in Hainan Island. When completed this year, the three refineries will handle 12,000 tons of sugar-cane, the oil-press 300 tons of peanuts and the canned food factory 300,000 cans of preserved pineapples monthly.

**Industrial Output:** Production levels set for 1957, the last year of the five-year plan, were reached in April by 20 state factories in Shenyang. In Heilungkiang nine fac-

tories have fulfilled their 1957 targets in the production of locomotives, rolling stock, tools, woollen fabrics, cigarettes, alcohol, medical appliances and others. 8,000 tons of rolled steel above quota will be produced by Shanghai's iron and steel industry during 1956. Factories in Shanghai now produce 437 specifications of rolled steel, including those for special purposes. Round steel bar, angle steel and other rolled steel exported from Shanghai have been well received abroad. The first 12,000-kilowatt steam turbine generator in China is being made in Shanghai. This is the biggest steam turbine China has ever undertaken to build. It was designed on the basis of a Soviet blue-print and with the assistance of Czechoslovak experts. This 12,000-kilowatt generator will be completed by the end of September this year.

**Agricultural Developments:** Peking claimed that increase in agricultural output this year could be ensured in view of the conditions of spring farming in various parts of China. Irrigation works built throughout China from last winter to early April enlarged the irrigated area by more than 6.6 million hectares. Fertiliser in any areas was more than double that of last year. More than 4.3 million people had been trained in new farming technique in 19 provinces. Aiming for a rice harvest 10% bigger than last year's record crop of 75 million tons, peasants are now busy transplanting rice seedlings. Double cropping, formerly confined to the sub-tropical provinces of Kwangtung and Kwangsi, has spread with great speed in the Yangtze River provinces since the growth of agricultural cooperation. Two million hectares of double cropping paddy are being added, topped last year's by four times. Two crops on an average raise 1,500 kilogrammes of rice per-hectare more than single crop. Other measures to raise rice output this year include the adoption of improved methods of double cropping in the traditional double crop areas, and the expansion of the rice acreage. This year, 860,000 hectares are being added to China's rice paddies. The use of salt water as a medium in seed selection, the use of soda to soak the seeds before sowing, ammonia sulphate to soak the roots of seedlings before planting and other scientific methods, limited to some districts or areas last year, have this year been adopted very widely by the peasants. Close planting which was practised on 43% of the total paddies last year is expected this year to exceed 60%.

China's output of oranges and other citrus fruits is expected to exceed that of last year by 20% and the output of apples by 10%, according to the Ministry of Agriculture. Liaoning alone expects to raise apple production this year to 180,000 tons or 18% more than last. This province grows 85% of China's total apple crop. Shantung will this year devote 860,000 hectares for the cultivation of peanuts, (28% larger than last year). The total harvest is estimated at 545,000 tons more than last year. Shantung accounts for three quarters of the country's peanut exports annually. Kwangtung has sown 210,000 hectares to peanuts this spring, or 28% more than last year. The state has already advanced 2,600,000 yuan to the peanut growers in Kwangtung as down payments for its purchases this year. Tobacco acreage in Yunnan has expanded to over 33,000 hectares. Other leading tobacco-growing areas in Honan, Shantung and other provinces have also extended tobacco acreage this year. Four times the area of ginseng will be cultivated by state farms in Kirin this year compared with last. The total acreage of this herb will be 180,000 square metres. Rape seed output in Kiangsi this year reached 100,000 tons, or two-fifths more than last year. Harvesting of rape over an area of 220,000 hectares is now underway in Kweichow; in certain parts the yield shows a 40% increase over last year. This year's spring tea harvest in Fukien is one of the best in recent years. The state purchased more than 2,790 tons of tea of many varieties during the past one and a half months, an increase of 21% over the corresponding period last year.

Inner Mongolia's tractor-equipped land reclamation teams will plough 90,000 hectares of virgin land this year.

Tractors were imported from the German Democratic Republic. Inner Mongolia plans to cultivate 600,000 hectares of wasteland this year. Nearly 200,000 settlers have arrived in Heilungkiang, Chinghai, Kansu, and Inner Mongolia to open up the virgin land. They moved there from Hopei, Honan, Shantung and other densely populated provinces. Most settlers are young men and women who voluntarily organised themselves into land reclamation teams. In Honan alone, more than 700,000 applied to join land reclamation teams this year, but only 7% or 8% were admitted. In Kiangsi, crops have been planted on 70,000 hectares of wasteland recently reclaimed. More than 130,000 hectares of wasteland in Hupeh have become fertile land after drainage of surplus water. Hupeh has the largest number of lakes among China's provinces. Lakes in this province occupy more than 780,000 hectares. More than 330,000 hectares of the wasteland in the lake areas have been transformed into arable land. The first 5,300 settlers have arrived in Hainan to develop the resources of this subtropical island. They come from various parts of Kwangtung. They have already reclaimed 320 hectares of wasteland. 760,000 yuan were loaned to the settlers by the government. Hainan has one million hectares of wasteland suitable for the cultivation of coffee, cacao beans, coconuts, bowstring hemp, rubber and other tropical plants.

**Communications:** A 21-kilometre branch railway linking Lanchow with a major coal mining area in Northwest China has been completed. Construction has begun on a new branch railway connecting the Yumen Oilfield with the Lanchow-Sinkiang Railway. Crude oil from the Yumen Oilfield will be transported directly by rail upon completion of this 34-kilometre line. The Paoki-Chengtou Railway has reached Shwangshihpu, a point 124 kilometres from the Paoki terminus. Shwangshihpu is a highway communication centre on the hills bordering Szechwan, Kansu and Shensi provinces. Work on a railway from Wuchang to the Tayeh Iron Mine has started. The Tayeh Iron Mine is about 130 kilometres southeast of Wuchang. Ore from the Tayeh Iron Mine will be directly transported to the workshops of the Wuhan Iron and Steel Complex after the completion of the railway. The new railway will also link up with the railway in Hwangshih, a rising industrial city on the southern bank of the Yangtze River, to the northeast of Tayeh. 259 kilometres of track have already been laid along the projected 700-kilometre Yingtan-Amoy Railway.

500 kilometres of highway were built or repaired in a minority area in Kwangsi during the first four months this year. The Chuang Autonomous Chou in the mountainous western part of this province now has a highway network serving its population of 8.8 million, the biggest of all the minority areas. Before the end of this year, motor-driven traffic will reach all 42 counties in the area. Survey work for the construction of a highway across a mountainous area in southern Kweichow has begun. The projected highway will be 600 kilometres long. It will meet the Kweichow-Kwangsi Railway in Tushan County after passing through several counties inhabited by the Puyi nationality. This area is abundant in rice, maize, tung oil, abutilon and other crops.

A 1,000-kilometre telephone line is being laid in the Alpha Tibetan Autonomous Chou in Szechwan. Many people of the Tibetan and Chiang nationalities in the area are using the telephone for the first time. About half the districts and hsiangs (administrative unit comprising several villages) are now connected by telephone.

**Lawyers' Fees:** The State Council last month adopted regulations fixing lawyers' fees. No details were published. In Peking, a legal advisory office was set up. It gives legal assistance free of charge to those who cannot well afford the expenses. Most lawyers attached to this office are professors, lecturers, or assistant professors of Peking University, the China People's University and the Peking College of Law.



# TAIWAN HANDICRAFT INDUSTRY

## EMBROIDERY & DRAWN WORKS

Swatow is well known for its embroideries and drawn works. From 1950 to 1951 a number of Swatow and Chefoo handicraftsmen came to Taiwan and established a number of embroidery-and-drawn-work shops in Taipei, Kaohsiung and other places. Among these are Swatow Drawn Works, Overseas Handicraft Arts Society, Chung Hwa Domestic Handicraft Society and Hwa Mei Drawn Work Society. Female workers of this handicraft in Taiwan can be classified into two groups—one group made up of families of soldiers and civil servants coming from Swatow (about 3,500 persons scattering mostly in the southern districts) and the other group consisting of 700 newly-trained women in special classes conducted by the Department of Reconstruction of Taiwan Provincial Government.

Products of this handicraft include handkerchief, table cloth, dinner napkin, window curtain and chair cover. Among these, handkerchief is most popular in the export trade. Their prices vary according to the quality of the material used and the skill in the making. The best material, is the Irish linen. Swiss and American gauzes rank next. A small piece of drawn-work handkerchief, though thin as tissue paper and light as feather, requires a rather complicated process to make. From the importation of the raw material to the exportation of the finished products, it takes at least ten months, requiring the long-term advance of an enormous amount of funds; this is one of the factors thwarting the expansion of embroidery and drawn work handicraft.

According to a recent investigation the annual consumption of the above-mentioned handkerchiefs in America aggregates 20 to 30 million dozens, worth more than 50 million U.S. dollars. Since the U.S. embargo on products of Communist China, the principal source of supply of embroideries and drawn works has been shifted to Hongkong. The American market also shows a very good demand for Taiwan products. In the early part of 1951, Mr. Jack Hamway of Malay Hawaii Corporation came to Taiwan, and made arrangements with Swatow Drawn Works for the importation of 21,000 yards of linen for making handkerchiefs. Accordingly, the first lot of linen of 7,804 yards was imported, but due to the unfavourable exchange rate the workmen were paid very low wages and as a result they quit their jobs. Only 900 dozens of handkerchiefs were turned out. With the same amount of U.S. dollars the order could be executed in Hongkong without any difficulty. American merchants therefore diverted the remaining lot of linen to Hongkong for processing. If the handkerchief makers in Taiwan import raw materials themselves and have them processed for export, the cost of production is, due to unfavourable rate of exchange, also higher than that in Hongkong. For illustration, handkerchief No. 1/1001 is US\$4.67 per doz. while in Hongkong it costs only US\$3.66. Similarly, for handkerchief No. 3/1002 the cost is US\$4.97, but in Hongkong it is only US\$3.95. Moreover, the female workers in Taiwan are not so skilful and efficient as Hongkong workers.

Embroideries and drawn works are the most prospective handicraft goods for export from this province. Besides America, good markets are also found in Canada, Western Europe and Great Britain. The Commission for Promotion of Handicraft Industry believes that if given appropriate encouragement the present capacity of producing 10,000 dozens of handkerchiefs can be increased three times in six months; in 5 years' time, the annual export may be increased to 5 million dozens to earn US\$10,000,000 for Taiwan.

## SEA SHELL

Shell fishes are found along the coastal areas of Heng Chun, Tai-tung, Green Island and Penghu in Taiwan. They thrive 10 metres below the sea level. Those with luminous

shells in Heng Chun area rank the best; the shells are thick and of high value for handicraft industry.

Sea shells look rather ugly with dark colour and rough surface. After washing and polishing they become milky white and semi-transparent, showing streaks in the shells. Different kinds of ornaments are carved out from sea shells according to their size and form. The best kind of sea shells are suitable to be processed into ear-rings, pins, buttons, bracelets, breast-pins, as well as lamp-shades, candlesticks, water-vessels, ash trays, photo frames and shell boats for decorative purpose. Big shells can also be carved into seals. Sea Shell itself is not expensive, but the cost of workmanship is very expensive. The sale price of one delicately-carved bracelet is as high as NT\$40, while that for coarse one, more than NT\$20.

## VEINED STONE

There are only two places in the world where veined stones are found—Italy and Taiwan. As a mineral, veined stone belongs to the same family as ruby and diamond. It is very hard with very beautiful designs of natural colour. The deposit of veined stones was first discovered by a Japanese 40 years ago. Up to the present the surface stratum of the mine has already been exhausted. The method of mining by the natives is still primitive, using axes and pickaxes as tools. They have no way to reach the deeper strata. Production is therefore limited, and the stones dug out are only in small pieces. The big ones do not exceed 4 or 5 mm. long and 2 to 3 mm. wide, which can be grinded and carved into seals worth over NT\$100 a piece. Small pieces can be made into ring-pearls, heart-shape pendants, watch chains, bead strings and buttons with exquisite brilliancy and oily appearance. The processing is rather complicated and delicate. It takes a good deal of labour and time to finish one piece. Prospect for export is very promising but due to the lack of proper aid and guidance, this handicraft industry remains at its primitive stage.

## SNAKE SKIN

Snakes are abundant in Taiwan and can be found everywhere. One hundred catties of snake (about 60 pieces) are worth NT\$600 at the present market price. The meat can be cooked as soup or other form of food, but its consumption is limited. The major portion of meat, oil and bone of the snake is dried up and exported to Japan for the manufacture of hormone medicine. Snake skin is used in the making of wallets, and other small articles. Success in the dying snake skin in 1937 enabled the expansion of its usefulness and productions were increased. In 1939 when the method of processing had been improved, snake skin factories increased to twelve and production capacity was ten times than those of 1935. Nowadays articles made of snake skin are still the fondlings of the fair sex. The price of snake skin depends on its width, which is classified into below 3½", above 3½", above 4", above 4½" and above 5". Wider skin is thicker, more useful and durable; therefore more costly. The most popular article is the lady hand-bag. The skin of small poisonous snake is usually used to cover walking sticks.

## PROSPECTS OF HANDICRAFT INDUSTRY

The stagnation of Taiwan's handicraft products in the foreign markets is chiefly due to: (1) the high rate of exchange that indirectly raises the cost of production and directly hinders the sale abroad; (2) the lack of funds for the operation, high rate of interest for open market loan, and heavy burden of taxes and dues; (3) the restriction on the import of raw materials and the export of finished products; (4) the lack of quality standard; (5) the ignor-

# THE HONGKONG MINT AND THE COLONY'S CURRENCY PROBLEM

By G. B. Endacott, M.A., B. Litt.

(University of Hongkong)

(PART TWO)

The Hongkong mint having been decided on, the first problem was the site. Mercer fixed on the North Barracks, used by the Artillery which adjoined the cricket ground and was quite central. With the acquisition of Kowloon, the intention was to move the military across there, and some barracks sites on the island would then become free. In February 1864, Sir Hercules Robinson returned from leave, and decided that this site would not do, because it might be years before the troops moved since newly arrived army medical men had expressed some doubt about the wisdom of the change. He advertised for a site, but no holders of crown lands made any offer, and after consulting the unofficial members of the Legislative Council, a site at Causeway Bay was decided on, in part on land to be reclaimed from the sea. It was thought two acres would suffice for the mint, but by reclaiming 15 acres, additional land would be available to let and so contribute to the expense of erecting the mint.

In England, Robinson had advocated the mint on the basis of an estimated cost of £23,000. The reclamation alone was now estimated to cost £12,000 and so from the foundations, the cost of the mint greatly exceeded the estimate, and Robinson in March 1864 rather naively wrote that he would try to cut down on office furniture!

He hoped too that premia on the sales of land would pay the capital cost of the reclamation. In April, work on the foundations of the mint was started, at a cost of \$25,161, and in October 1864 plans for the erection of the mint at an estimated cost of \$60,000 were sent home.

Changes in the price of silver and the value of the coins gave early evidence of the risks attaching to the undertaking. In March 1864, Robinson said that Mexican dollars were scarce and commanded a large premium, "at least 8%" he reported, and he urged the Treasury to begin minting the British dollar at the Royal Mint to take advantage of these conditions, pending the completion of the Hongkong

mint. The Treasury saw no hurry and pointed out to the Colonial Office in reply, that since Robinson wrote, the situation regarding Mexican dollars had undergone a change because of the increasing safety in moving specie in Mexico (an oblique reference to French intervention in Mexico to make Maximilian Emperor there) and because of less hoarding in Shanghai; as a result Mexican dollars had fallen in value to melting point.

In March 1865, Robinson left the colony on appointment to the governorship of Ceylon, and for twelve months, Mercer again administered the government. He was evidently nervous of the mint project for in April 1868, he wrote home that the success of the mint depended on the acceptance by the Chinese government of the British dollar, and asked that this should be taken up with Sir Robert Hart of the Imperial Maritime Customs by the British minister in Peking. There was another and slightly ominous difficulty, the mint stores were robbed and the thieves never discovered.

Kinder, who was to be the master of the mint, now arrived, and began a series of what Mercer thought were extravagant demands for the assay furnaces. In December 1865, Mercer announced that the mint would be ready to open in the following March and he offered to coin silver free of charge for the first two months, at half the charge for the next two months, and at a charge of 2% thereafter; this was later increased to 2 1/10%. He decided that a military guard was necessary, and began the construction of barracks, guard-rooms, officers' quarters and a battery with guns. "All this array of large guns and infantry seems to me very preposterous", wrote Sir Frederick Rogers the permanent under-secretary and Mercer had to drop the construction of the barracks, but Kinder remained extremely nervous.

In March 1866, Sir Richard Graves Macdonnell arrived. He ordered the construction of the barracks to continue because the mint was well out of the town, there was danger of attack by sea, the police were inefficient, and he thought bankers might refuse to send bullion unless adequate protection was provided. Unfortunately, the garrison was now being reduced, and the military complained that they were unable to provide the guard for the mint, to which Macdonnell replied, and it was typical of the man, that he would in that case do without a guard for government house.

ance of market conditions; and (6) the lack of encouragement and help from the Government.

Handicraft is an industry which requires no large amount of funds nor any fixed workshop or factory. From the economic point of view, it is an industry full of potentiality; and from the social standpoint, it can help to solve the problem of employment. The increasing rate of Taiwan's population far exceeds the rate of production. The utilization of land is nearing the saturation point, and the expansion of agriculture is limited. The demand for handicraft products in America is very prospective. The development of handicraft industry is therefore a good source for earning more foreign exchange. Government should therefore formulate effective measures for, and give strong support to, the development of handicraft industry in Taiwan.

The hope that the mint would be opened in March 1866 did not materialise. The dies had not arrived, and Macdonnell, a very efficient man himself, called for a full report from Kinder. Kinder explained that the Queen Victoria had rejected the proposed engraving of herself and a new bust had to be made by a Mr. Shead and this had caused delay. Owen Jones had designed the reverse. Even then,



when some pieces were struck, it was found that some minor alterations were needed.

At least, the great day came, and the mint was opened on 7th May 1866, with an intake of 800,000 ounces of sycee, Californian silver, and silver dollars of every kind; two days later, the amount was 1,212,044 ounces "plus four large boxes". Unfortunately, accidents held up the work immediately; first there was "the fracture of two large wheels" and at the same time, the melting staff all went down with fever, and the start of actual coining operations was delayed a week. Macdonnell was annoyed, and thought that the bad start might prejudice the whole experiment; he decided to extend by an additional two months, the time during which coining should be done free of charge. Kinder thought that an extension of the pre-melting department was necessary, and Macdonnell argued that this should have been foreseen, and he reported that he felt the mint staff were not competent to open a mint under conditions so different from those at home. Kinder, when pressed, still claimed he could coin 40,000 dollars a day. Macdonnell called for three reports a week, and wrote home on 29th May to say after three weeks work, only 18,000 dollars had been minted. The master of the mint in England proposed that the Hongkong dollar should have an increased silver content, but Macdonnell fairly briefly expressed himself as being against the proposal.

On June 12th 1866, Macdonnell wrote that his confidence in Kinder had been shaken, because Kinder had been quite sure that he could coin 10,000 to 20,000 dollars a day at first and could soon increase this to 40,000 to 50,000 a day, yet he had averaged only 2,000 a day, and the total for a month's working had been about 30,000 dollars. The governor concluded that the colony had no business to try such a costly experiment. Kinder demanded additional personnel from England, and Macdonnell reluctantly agreed. In August, Macdonnell reported that the mint was at a standstill, and little silver was being sent for coining. The merchants were disinclined to pay the 2 1/10% minting charge or seignorage, and since they could easily do business at Canton, there could be no compulsion. The mint had to coin 27,000 dollars a day to meet expenses, yet 15,000 was the maximum it had ever done in one day; the mint had made \$127,000 loss so far. Macdonnell thought the trouble was that the opening of trade with Japan had led to a demand for dollars, and had forced up their price. The Chinese had sold them in Japan and then themselves used lumps of silver instead. Robinson had thought this premium on dollars would continue, whereas really it was the product of special conditions, not likely to be repeated. He asked the Colonial Office to urge the Straits to use Hongkong dollars.

In October 1866 Macdonnell set up a Commission of Enquiry into the working of the mint, consisting of Mercer, Whittall (of Jardine Matheson & Co.) and an army man, Commissary-General Long. Its report issued in December 1866 was not very conclusive. The mint had cost \$450,000 and made a profit of \$10,321, and to be profitable, an increase in the melting facilities was necessary; the existing machinery too was considered quite inadequate. The Banks were consulted, and the need of more machinery was generally agreed to, be necessary, and the general opinion was that the mint would not be profitable unless the Chinese government accepted Hongkong dollars. The Hongkong dollar was readily accepted by the Chinese, but the problem was to buy bullion and coin it at a profit. The Chinese at first sent all kinds of dollars, broken and chopped, in the early days of the mint merely to seize a good chance of getting

good coin free of charge, but afterwards they were quite content to pass silver by weight and touch as they always had done. The subsidiary coins with 20% alloy were profitable, but there were adequate supplies of those from England. Macdonnell concluded that the mint should close at once if it were not profitable, and that if the necessary machinery and personnel were sent out to make it profitable then it should be an imperial and not a local colonial venture. Any further trial meant a full outlay at great cost with a result that could not be calculated.

In January 1867 he reduced the seignorage charge to 1% to attract bullion but met with little success. He saw that the real question was "Who is to pay the cost of manufacturing silver into dollars as when so manufactured it would acquire thereby no increased purchasing power", and he argued that if Hongkong was to remain, what it then was, a secure depot for trade with China, its currency must correspond with that of the mainland.

In the Autumn of 1867 the mint came to a virtual standstill, and Kinder went on leave to Japan; Macdonnell hoped to interest the Japanese in taking over the mint machinery. At Shanghai, he met the British official T. F. Wade, and suggested that the Hongkong mint might be used to mint silver taels for the Chinese government; but Alcock pointed out that the Chinese had a paper currency which answered the purpose of subsidiary coin, and also they continued to pass silver by weight and touch and the conclusion was that the Chinese did not feel the need of a metallic currency.

In February 1868, Macdonnell received a telegram authorising him to close the mint, if the Legislative Council and the community did not object. He called a meeting of the Executive and Legislative Councils and representatives of the Banks, and two banks, the Hongkong and Shanghai Banking Corporation and the Chartered Bank provided silver for about two months' work while discussions went on. The Banks were asked to make proposals to help the mint alive. The Comptoir d'Escompte offered a subvention of \$3,000 a year; the Hongkong Bank offered to take over the mint for five years and pay government \$60,000 per year, but there were some eight stipulations the chief of which was that the Bank should have the exclusive right of issuing bank notes for the five years. This was impossible because the Oriental Bank had been given the right to issue notes. No other bank made any offer.

The Japanese now indicated they were willing to buy the mint machinery, and Macdonnell decided on closure, and on 25 April 1868, the dies were defaced, and the heavy machinery dismantled for shipment to Japan, and the experiment came to an end.

Why did it fail? Robinson may have been too precipitate in launching the enterprise without sufficient preparation, but the efficient, forthright and impatient Macdonnell was not the man to foster an experimental project. No one can read the correspondence of these years without being impressed by Kinder's forensic ability in providing adequate and full explanations for the failures, and in regularly putting forward conclusive reasons to show that expectations were about to be fulfilled. The chief reason was Chinese resistance to an innovation of which they did not feel the need, and for which they were accordingly unwilling to pay.

(END)

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## FINANCE &amp; COMMERCE

HONGKONG EXCHANGE  
MARKETS

(June 11-16, 1956)

## U.S.\$

June	T.T. High	T.T. Low	Notes High	Notes Low
11	\$588½	587½	585½	584½
12	588½	588	585½	585½
13	588½	587¾	585½	585½
14	588	587½	585	584½
15	H O L I D A Y			
16	588½	588	585½	585

D.D. rates: High 586% Low 585½.

Trading totals: T.T. US\$2,070,000; Notes cash \$530,000, forward \$1,170,000; D.D. \$340,000. The market was again quiet and rates steady. In the T.T. sector, exchange operators bought on lower cross rates in New York, while usual offers came from Korea, Japan, Bangkok, and the Philippines. In the Notes market, shippers bought heavily because the difference of 3 points between T. T. rates was attractive. Interest favoured sellers and aggregated HK\$2.92 per US\$1,000. Positions taken averaged US\$1½ million per day. In the D.D. sector, the market was quiet.

**Yen:** Cash quotations were HK\$ 1,485—1,480 per Yen 100.000. There was no trading in forward and no interest fixed.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.845—1.8325, Japan 0.014675—0.0145, Malaya 1.876, Vietnam 0.06802—0.06711, Thailand 0.2739—0.2732. Sales: Pesos 315,000, Yen 102 million, Malayan \$270,000, Piastre 8 million, Baht 5 million.

**Chinese Exchange:** People's Bank notes quoted at HK\$1.60 per Yuan with very small business traded. Taiwan Dollar quoted at HK\$163—161 per thousand, and remittances at 151—150.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 15.75—15.72, Australia 12.50, New Zealand 14.27—14.23, Egypt 15.20, South Africa 15.73—15.72, India 1.1875—1.185, Pakistan 0.86—0.83, Ceylon 0.87, Burma 0.525—0.505, Malaya 1.834—1.833, Canada 5.925—5.89, Cuba 4.50, Philippines 1.89—1.8675, Switzerland 1.35, West Germany 1.35, Italy 0.0091, Belgium 0.105, Sweden 1.00, Norway 0.70, Denmark 0.77, Netherlands 1.43, France 0.0148—0.01475, Vietnam 0.07175—0.0705, Laos 0.074—0.073, Cambodia 0.0715—0.0705, Indonesia 0.172—0.169, Sandakan 1.50, Thailand 0.265, Macau 0.995.

## GOLD MARKET

June	High .945	Low .945	Macau .99
11	255½	255½	High 265½
12	255½	255½	
13	255½	255	
14	255½	264½	Low 265½
15	H O L I D A Y		
16	255½	255	

The opening and closing prices were both 255½, and the highest and lowest 255½ and 254½. The market was quiet. Interest for change over netted HK\$1.21 in favour of sellers per 10 taels of .945 fine. Tradings totalled 44,800 taels or at a daily average of 8,960 taels; out of the total, 19,760 taels were delivered (3,260 taels listed and 16,500 taels arranged). Positions taken in forward averaged 16,500 taels per day. Imports from Macau amounted to 19,500 taels and a shipment of 67,200 fine ounces reached Macau. Exports totalled 16,000 taels (8,000 taels to Singapore, 4,500 taels to Indonesia, 1,500 taels to Japan, 1,000 taels to India, 1,000 taels to India). Differences paid for local and Macau

.99 fine were HK\$12.40—12.20 and 11.80—11.50 respectively per tael of .945 fine. Cross rates were US\$37.90—37.89; 17,600 fine ounces were contracted at 37.90 C.I.F. Macau. US double eagle old and new coins quoted at HK\$260 and 225 respectively per coin, and Mexican gold coins at 273 per coin.

**Silver Market:** 1,000 taels of bar silver were traded at HK\$6.15—6.10 per tael, 1,000 \$ coins at HK\$3.92—3.90, and 1,500 20 cent coins at HK\$ 3.04—3.00 per 5 coins.

**Annual Meeting of the Gold and Silver Exchange:** Members of the Exchange met on 15th June, 1956. The Chairman reported that business further declined in 1955—1956. Dividend was only HK\$200 per member.

**Money Market:** The market was easy with interest rates for Letters of Credit at about 6% per annum, for overdrafts and short term loans at 8 to 10% per annum, and for long term loans at 10—12% per annum. Funds for capital investment continued to reach here from SE Asia.

**Overseas Remittances:** During the Dragon Boat Festival, overseas Chinese remittance to HK totalled about HK\$ 20 million. The majority came from Malaya, United States, and the Philippines.

HONGKONG SHARE  
MARKET

(June 11/15, 1956)

The weekly turnover improved to \$6.45 million from \$5.66 m. for the previous week. The publication of the report of the government inter-departmental working party on the proposed cross-harbour tunnel stimulated Yaumati shares from 107 to 111 (the report recommended a second vehicular ferry service costing about \$13 m. instead of spending \$163 m. on the tunnel). Profit taking, however, eased quotations to 109 buying and 111 selling at weekend. Star Ferries, on the other hand, lost \$2 on the week but there was no selling offer. Wharves continued to decline after the liquidation of 2,700 shares on Monday at 96 and 95.50; buyers were offering 93.50 at weekend. Providents remained steady because there was no selling pressure. Rubber shares fluctuated with the cost price of raw rubber in Singapore; transactions were active and over 200,000 shares changed hands during the week. Utilities, Hotels and Lands registered gains and steady business throughout the week. Dairy



Farms, Cements, Watsons, Wheelocks and HK Banks also improved. Union Ins. first declined from 965 to 962.50 but when no selling offer was available, buyers offered 967.50 at weekend. Price movements during the week were small and closing quotations were very firm:

034 lbs. Output for July 1955/May 1956 totalled 6,573,240 lbs.

# DIVIDEND

Lane, Crawford, Ltd. announced a dividend of \$3 per share.

Shares	June 8	Highest	Last Week's Rate	Lowest	Closing	Ups & Downs
HK Bank	1675	1680	1675	1680	1680	+\$5
Union Ins.	965	967.50 b	962.50	967.50 b	967.50	+\$2.50
Wheelock	9.10	9.25	9.15	9.25	9.25	+15¢
HK Wharf	97.50	96	93.50 b	94	94	-\$3.50
HK Dock	43.50	43.50	43	43.50	43.50	steady
Provident	14.50	14.70	14.50	14.70	14.70	+20¢
Land	63.50	64.50	63	64.50	64.50	+\$1
Hotel	13.70	14.30	13.80	14.20	14.20	+50¢
Trams	23	23.90	23	23.50	23.50	+80¢
Star Ferry	137 n	137	135 b	135 b	135 b	-\$2
Yaumati	108 s	111	107	111 s	111 s	+\$3
Light (o)	23	23.60	22.80	23.60	23.60	+60¢
Light (n)	20.30	20.90	20.30	20.90	20.90	+60¢
Electric	30.50	31.75	30.50	31.75	31.75	+\$1.25
Telephone	23.10	24.20	23	24.20	24.20	+\$1.10
Cement	34.75	35.75	35.25	35.75	35.75	+\$1
Dairy Farm	16.20	16.80	16.20	16.70	16.70	+50¢
Watson	10.70 b	12.30	11	12.30	12.30	+\$1.60
Amal. Rubber	1.525	1.55	1.425	1.475	1.475	-\$5¢

**Monday:** 123,000 Amalgamated shares were traded in between \$1.525 and \$1.55. The undertone was steady and the turnover amounted to approximately \$1 million. **Tuesday:** Trading slowed down in the afternoon. The virtual rejection of the tunnel scheme stimulated Yaumati Ferries to \$111 but sellers appeared at this level which reduced early gains. H.K. Electrics were in good demand with approximately 8,500 shares changing hands at \$301. Rubbers were easier in sympathy with lower price for raw material in Singapore. The undertone of the market continued steady and the turnover amounted to approximately \$1.36 million. **Wednesday:** The market ruled steady throughout the half day session; business amounted to approximately \$770,000. Utilities were firm and moved fractionally higher. Rubbers registered slight improvement in sympathy with the price for the raw material. **Thursday:** Utilities were again in demand with prices continuing to edge up. Other shares made fair gains were Watsons, Dairy Farms and Hotels. Wharves and Rubber shares after their recent activity were neglected. The turnover for the day amounted to approximately \$1.4 million. **Friday:** The market closed on a cheerful note with a number of counters making further headway. Utilities remained active with China Lights and Trams tacking on fresh gains. Electrics and Telephones were also well supported. Watsons were marked up to \$12.30. The undertone at the close was steady to firm. The turnover amounted to approximately \$1.32 million.

Messrs. A. R. Burkill & Sons (Hongkong) Ltd., the General Managers of Amalgamated Rubber Estates Limited, announced that output from the Estates for May 1956 amounted to 461,

## SINGAPORE SHARE MARKET

(June 2—8, 1956)

The rubber price which in the past few months has been continually sagging, because of the setback in the motor trade in America and the United Kingdom as well as the increased production of synthetic in America, received a fillip when early in the week it was announced that the five years old ban on Malaya's export of rubber to Red China had been lifted. A substantial rise was recorded when the price touched 85 cents per pound. It appears, however, that only a small quantity may be exported to China and further, it is a matter of some conjecture as to whether China is at present prepared to purchase.

Notwithstanding the higher rubber price which engender some increase in confidence, there was no increase in the tempo of activity in Malayan markets and the total volume of business written continued at a low level. Quiet conditions in the Industrial section resulted in narrow price changes though the section was generally steady. Certain Tin shares improved and a considerable number of Rubber shares were marked up.

Persistent small demand raised Gammons to \$1.75 and Straits Times to \$2.60. Due to the proximity of the final dividend Metal Box were taken to \$1.50, Wearne Bros were steady at \$2.80 and Straits Traders after weakening to \$23 recovered again to \$23.50. Fraser & Neave had small turnover at \$1.65 and \$1.67½ and Malayan

Breweries at \$3.45 and \$3.47½ cum 6% and the 1 for 3 bonus. Malayan Collieries were taken to 96 cents, Straits Steamship had business at \$11.60, United Engineers at \$7.75 and Hammers at \$2.45. Consolidated Tin Smelters were taken from London at 28/6 and Hongkong Banks at £93½ including stamp. Since last week's announcement that the Singapore Traction Co. would not be paying a dividend on the Ordinary stock the shares have been quoted at 20/6 nominal with neither buyers nor sellers showing any apparent interest.

Petalings had exchanges at \$3.45 & \$3.47½ with buyers over, Talams were taken at \$1.73 and \$1.74 and Rantau, with a much better May output at 1493 piculs closed with buyers at \$1.40.

The main activity in Tins was confined mostly to a few Malayan registered sterling companies. Kuala Kampar cum the final of 5/6 jumped from 29/- to 31/- with, however, sellers at the top, Lower Perak steadily recovered to 18/1½ cum all, Berjuntai improved to 22/7½ and Rawang Tins to 9/4½.

Despite the marking up of rubber shares the turnover remained small and consisted mostly of isolated transactions executed before the higher commodity price had generated any demand for shares. Kuang Ords. had exchanges at 80 cents, Ayer Panas at 85 cents and Sungei Bagan at \$1.20 x.c.i. Kempas at \$1.65 showed a rise of 10 cents, Jeram Kuantan moved to \$1.85 cum the 20% interim and Telok Anson had business at 89 cents.

Again local loans had little turnover and British 3½% War Loan attracted further funds.

Business Done 2nd to 8th June 1956. Industrials: Consolidated Tin Smelter Ords. 28/6, Fraser & Neave Ords. \$1.65 & \$1.67½, Gammons \$1.72½ & \$1.75, Hammer & Co. \$2.45, Hongkong Banks (London) £91½, £93½ & £93½, Wm. Jacks \$2.70, Malayan Breweries \$3.45 & \$3.47 c.c.i., Malayan Cement \$1.48½ to \$1.51 & \$1.52, Malayan Collieries 92 cents to 95 cents & 96 cents, Metal Box \$1.47½ & \$1.50, McAlisters \$2.50 to \$2.45, Overseas Chinese Bank \$24.00, Raffles Hotels \$2.27½, Robinson Ords. \$2.72½ & \$2.70 to \$2.72½ c.c.i., Singapore Cold Storage \$1.40 & \$1.41½, Straits Times \$2.55 to \$2.60 c.d., Straits Traders \$23, to \$23.75 to \$23.50, Straits Steamships \$11.60, Union Insurance, \$515.00, United Ords. \$7.50 & \$7.70, Henry Waugh \$1.32½ to \$1.35, Wearne Bros. \$2.77½ & \$2.80, Wilkinson Process \$1.32½, Tins: Batu Selangor 41 cents, Hong Fats \$1.05 & \$1.06, Petaling \$3.45 to \$3.47½, Rahman Hydraulic 77 cents, Rantau \$1.35, Taiping Consolidated \$1.34 & \$1.36, Austral Amal. 16/4½ to 16/7½, Berjuntai 22/6 & 22/7½, Consolidated Tin A2/5, Kampong Lanjut 37/6, Kuala Kampar 29/- to 31/- c.c.i., Larut 6/9, Lower Perak 17/9 to 18 1/2 c.c.i., Rawang Tins 9/3 & 9/4½, London Tin 9/3½, Rubbers: Amal. Malay \$1.40, Ayer Panas 85 cents, Gleeney \$1.27½, Kempas \$1.52½ & \$1.55, Kuang Ords. 80 cents, Suloh 24 cents & 26½ cents, Sungei Bagan \$1.20, Sungei Tukang \$1.05, Teluk Anson 89 cents. Overseas Investments: British: Bowater Paper 55½, British Enka 4/6½, Burma Oil 94/- & 98/9, J. A. Churchill 33/9, Distillers 22/4½, I.C.I. 43/6 & 43/9 to 44/9, Monsanto 26/6, Mountain Copper 19/9, Ultramar 39/3 & 39/9, Australian: Ampol Petroleum A16/7, Courtaulds A19/1½, Oil Search A14/- to A15/-, Western Mining Sterling 9/9, Western Titanium A4/9½ & A4/10½.



## HONGKONG AND FAR EASTERN TRADE REPORTS

(June 11/16, 1956)

The Dragon Boat Festival (June 13) had no significant effect on trading in the local commodity market. With the exception of limited speculative transactions in metals, the ease of embargo on China did not stimulate trade between HK and the Mainland. Shipments to Korea improved slightly but new purchases were restricted by low buying offers. Exports to SE Asia were affected by the increasing volume of direct trade between these areas and Japan. Cargo movements between HK and Japan remained very active but dealers here booked less supplies from Japan because of the curtailed shipments of Japanese products from here to SE Asia. Exports of HK manufactured goods to Africa remained active but increased cost of raw materials caused much worry to local manufacturers because they had already cut their profit to the minimum.

**China Trade:** Following the ease of embargo on exports to China, UK manufacturers were considering to advertise their products in newspapers in China. The Sino-British Trade Committee suggested that advertisers might have to think in terms of heavy engineering and chemicals rather than consumer goods. The French Government was also considering to lift its embargo on certain exports to China including some of the products involved in contracts concluded by the French Trade Mission which visited China earlier this year. Peking announced that China had bought 3 million pounds of Italian rayon yarn and sold to Italy, 110,000 pounds of raw silk. Peking also purchased 450,000 pounds of rayon yarn from Belgium. From Japan, Peking enquired for 60,000 tons of saccharine. To Ceylon, China offered manufactured goods (silk, textile, foodstuff, produce and industrial products) as payment for her debt under the rubber-rice barter deal signed between the two countries. Shipments of tea, paper, garlic china-ware, drawn lace work, live hogs, cattle, poultry, fruits, oilseeds, iron wire nails, canned food, etc. to the local market remained substantial. There were also transshipments of China produce through here to SE Asia: preserved vegetable, rosin, honey, chinaware, dried fruits to Burma; walnut meat to Australia; cotton piece goods to Indonesia; and newspaper and iron wire nails to India. Peking also offered to supply HK with logs, squares and planks.

**Taiwan Trade:** Taiwan is now importing less consumer goods and buying more industrial supplies. Following items which were previously imported in large quantities are now imported in reduced volume: bean cakes, cotton yarn and cloth, jute bags, bicycles and paper. Prohibited im-

ports include: refined sugar, candy and sugared goods, soyabean sauce, cigarettes and cigars, wine and beer, tea and matches. Following items which were formerly imported are now exported: sesame, rice, soap, hogs, wheat flour, cotton yarn and cloth. From HK, Taiwan bought limited quantities of paper, industrial chemicals, pharmaceuticals, metals, etc. Buying offers were usually low. To HK, Taiwan sent 400 heads of live hogs, 1,100 packages of bananas and over 100 tons of sugar. Taipei also invited overseas Chinese to invest in following industries: textiles, metals, machinery, electrical appliances, printing, fertilisers, motor-car tyres, artificial fibres, alkali, synthetic plastics, glass, antibiotics and other drugs, dairies, etc. Taipei disclosed that at the end of 1955 there were 42 investors from HK, 4 from Japan, 2 each from Singapore and Indonesia, and 1 each from US, the Philippines, Thailand, Burma and Malaya in Taiwan and their investments aggregated US\$1.6 million. Most investments are in textiles, chemicals, food processing, machinery manufacturing and consumer goods industries.

**Japan Trade:** Movements of cargo between Japan and HK remained very active. Japan sent here 2,000 tons of cement and large quantities of textiles, sea food, sundries, electric appliances, paper and metals. From here Japan purchased over 3,000 tons of beans and oilseeds, about 1,000 tons of iron scrap, and substantial quantities of rattan, cotton waste, leather and hide, sea shells, woodoil and cassia oil. Dealers here curtailed their booking of Japanese goods because demand from SE Asia declined considerably during past few weeks. Japan will undertake the processing of US raw cotton for Indonesia. To Burma, Japan is sending consumer goods as part of reparation payments. Textiles are being shipped to the Philippines under reparation agreements. To Indonesia, Japan might also include textiles and other consumer goods in reparation payments but so far this arrangement is still under negotiation.

**Korea Trade:** Hongkong to Korea freight rates will be increased by 15% as from July 1st. This will further increase the cost of HK exports and restrict Korea's purchases from the local market. Shipments of goods to Korea covered by previous orders remained active during the week but new orders were limited to small quantities of selective items; trading was further restricted by low buying offers. The most impressive purchase made here by Korea last week was the order for US\$45,000 worth of artificial silk. Korea also invited tenders for the supply of chemicals, glass, pipe, electrical wire, chain hoist, gauge, cutter, pump,

water meters, conduit steel, valve gate, plates, steel, fixtures, etc. According to a local bank representative, previous D/P shipments from here to Korea which are still not cleared by importers there amount to about HK\$20 million. Under Korean import regulations such shipments will be sent back to suppliers if they are not cleared within six months after the arrival in Korea. Last week about 1,700 tons of such goods were returned here from Korea consisting of fibre yarns, rayon yarns, paper, industrial chemicals, woollen yarns, etc. Local dealers who had shipped these cargoes to Pusan suffered heavy loss. Banks here now discourage D/P shipments to Korea.

**Indonesia Trade:** Djakarta now restricts imports of enamelware which can be manufactured in Indonesia (plates, soup dishes, etc.); cups, pots, lunch-boxes, bowls and basins can still be shipped from here to Indonesia. Acceptance of import applications will be resumed this week by Indonesian authorities. However, tight money situation in Djakarta and recent heavy imports from here would restrict her purchases from HK. Meanwhile Djakarta authorities contracted HK textile manufacturers to process US\$3.5 million worth of US cotton for Indonesia. One seventh of this quantity will be used for manufacturing cotton piecegoods and the balance for cotton yarns.

**Thailand Trade:** Bangkok decided to permit the free export of rice and timber to all countries, including China. Rubber and tin, however, remain on the list of goods prohibited for exports to China. This news was followed by an unconfirmed report from Bangkok that China is buying 200,000 tons of rice from Thailand. In the local market, demand from Bangkok for textiles, metal products, electric appliances and Chinese foodstuffs and sundries remained strong. In return, HK bought rice, oilseeds, starch, sawn timber, and lotus nuts from Thailand. Shipments from here to Bangkok consisted mostly of Chinese products and HK manufactures; exports of Japanese goods declined considerably during past two weeks. Tokyo is negotiating with Bangkok for the establishment in Thailand, a joint Japanese-Thai shirt manufacturing company capitalised at 1.5 million bahts (about US\$75,000). This plant would initially make 1,000 dozen shirts a month and within six months after the opening, could produce 1,500 dozens. This development, if materialized, would curtail exports of shirts from here to Thailand.

**Singapore & Malaya:** Singapore was planning to send a delegation to China to find out whether Peking would buy Malaysian rubber on a government basis or from individual sources. This news was followed by an unconfirmed report that China had placed a 30,000-ton rubber order with Malaya through HK at



82½ cents per pound for June delivery. Quotations in Singapore fluctuated around 80 cents per pound. Exports from here to Singapore and Penang remained slow as a result of China's direct shipments of various staples and products to Malayan markets. The decline in Indonesia's purchase of HK products from Malayan markets also discouraged Singapore from booking manufactured goods from here. Singapore noodle manufacturers appealed to the Government to restrict the import of noodles from HK, Thailand and Vietnam on the ground that they could not compete with imported products because of lack of capital.

**The Philippines:** Following increase in charges along other routes, HK-Philippines freight rates would probably be increased by 10% beginning August. Limited amount of barter business between HK and the Philippines was maintained. HK sent to Manila: textiles, sox, shirts, underwears and sundries; imported in return sugar, fruits, charcoal, coconut oil and very small quantities of sawn timber. The Philippine Chamber of Commerce is sponsoring a trade and goodwill mission to visit Japan, HK, Korea, Thailand and South Vietnam. The raw materials which Manila wants to obtain from other ECAFE countries under barter arrangements include jute fibres, raw cotton, crude petroleum, chemicals, cacao and coffee beans, essential oils, tin, spices, hides and skins. Manila offers in return, raw materials such as sugar, timber, copra, manila hemp and maguey fibres. Among manufactured goods which Manila exports are cigars and cigarettes; leather and rubber goods and footwear; buntal (palm fibre) hats; tinned pineapples; cosmetic and toilet products; ready-made clothing and wearing apparel; abaca products such as shippers, burlaps, mats, rugs, cordage and rope; phonograph records; bottles and glass containers; chalks and crayons; margarine and vegetable lard; corn gluten feed; plywood and bagasse board; candy and confectionery.

**Cambodia, Laos and Vietnam:** Increased volume of feathers, scrap iron, salt, sesame, and other staples reached here from these states. In return, HK sent structural steels, sewing machines, paper, potato, garlic and other foodstuffs. Tradings were mostly confined to barter deals. Only a very small portion of goods shipped from here to these states were purchased with US aid funds.

**Burma Trade:** More enquiries were received from Rangoon as a result of the recent relaxation of import control there. Purchases made here included cotton and nylon textiles, old newspaper, canned food and other HK manufactures. The volume of these exports, however, was limited because Rangoon also bought direct from

Europe: metals, paper, industrial chemicals and other supplies. If Rangoon accepts consumer goods from Japan as part of reparation payments, such shipments from here to Burma would be further curtailed. Japan might also process for Burma 50,000 bales of US surplus cotton valued at US\$9 million.

**Exports to Africa:** Orders from South Africa covered drills, enamelware, textiles, rubber products and other HK manufactures. HK imported from this area, groundnut oil and mimosa extract. Freight charges for goods from here to West Africa were increased by 7d per ton. East Africa bought from HK substantial quantities of textiles, enamelware, shirt, hurricane lantern and umbrella; most shipments consisted of low quality goods to meet the low purchasing power in this market.

**US and UK:** Textile novelties and bamboo table mats made here can now be exported to US if covered by comprehensive certificates of origin. Imports from America remained steady and consisted mostly of textiles, sewing machines, pharmaceuticals, electric appliances, industrial chemicals, canned food and other consumer goods. Shipments to UK during the week totalled over 2,000 tons; rubber footwear, grey cloth, shirt, table cloth, bed sheet, plastic toys, preserved ginger, torch, buttons and towel constituted the major portion of these shipments.

**China Produce:** Another retail shop was established in Kowloon to market various kinds of foodstuffs from China. In addition to these foodstuffs, China shipped here more oil seeds and other staples. Thailand, Philippines, and Vietnam also sent here increased volume of staples to meet the steady demand from Japan, Taiwan, and Europe. Groundnut kernel was favoured by Europe but heavy arrival from Thailand and the Philippines eased quotations. Citronella oil remained sluggish in international markets; prices here also declined especially after Taiwan marked down the fob price to US\$1 per pound. Menthol crystal improved on dwindled stock and steady demand from Burma, Indonesia, Singapore and Thailand. Dealers here booked over 1,000 kilos of silk wadding from Shanghai. Spun silk and raw silk enjoyed strong demand from Europe, price advanced when supply curtailed. Silk waste was favoured by Japan but quantity booked was small. Europe enquired for Chinese feathers; when supply position failed to improve, Thai duck feather was processed here to meet the demand. India and Europe bought cassia lignea but the market was depressed by new arrivals. Garlic was very popular with Singapore, India, Europe, Cambodia and South Vietnam; transaction improved with more supply from China and Taiwan. Japan and Europe also wanted Chinese

gallnuts but due to short supply from China, Japan finally took Korean products. Thailand, Cambodia, Singapore and local industries absorbed substantial quantities of gypsum; price advanced especially when cost was marked up. Import of fresh hen eggs from China declined considerably last week; prices here firmed. Salted liquid egg yolk was enquired for by Europe while egg albumen was favoured by Japan. Trading in beans slowed down; broad bean remained firm on short stock, soya bean kept steady by enquiries from Singapore, green beans declined under new arrival while green peas and red beans enjoyed limited local demand.

**Paper:** There were more enquiries than orders from Korea and Taiwan. Korea's buying offers for newsprints were too low to interest local dealers especially when cost of US and European goods advanced; trading therefore slowed down. Local demand for Chinese products (newsprint in reams, M.G. cap, bond, manifold and straw board) remained steady while orders from SE Asia for Chinese and Japanese paper showed sign of declining. Trading in Chinese products dominated the market last week.

**Metals:** Trading in metals remained active but the volume of business was limited by advanced quotations here caused by (1) increased Europe-HK freight for some items such as mild steel round bars, (2) advanced European and American indents, and (3) shortage of popular stocks. Speculative transactions were developed towards weekend; over 1,000 tons of mild steel bars, galvanized iron sheet and mild steel plate were earmarked for shipments to China; however, low buying offers from China prevented prices from skyrocketing. Galvanized iron pipe of the light variety was depressed by new arrivals but the heavier quality firmed on local demand and orders from Okinawa. Cost of UK and US black plate advanced so much that dealers here found it unprofitable to order more supplies; 100 tons of Dutch goods were booked for July shipment. Galvanized iron sheet was not only absorbed by speculators for shipments to China but also favoured by Indonesia; transaction was handicapped by the high price. Iron scrap continued to advance with Japan providing steady demand; 1st quality was hard to obtain even at \$450 per ton. On the other hand, brass scrap declined because Japan turned to US for supply. Prices of other popular items were all firm but trading on the whole remained slow with traders waiting for positive indications in exports to China after the ease of embargo.

**Industrial Chemicals and Pharmaceuticals:** Trading was very slow with only limited local demand and enquiries from Taiwan, Korea and Thailand. Prices were steady because there was



no selling pressure. Dealers here do not believe that the ease of embargo will induce China to buy more supplies from the local market regularly.

**Cotton Yarns:** HK yarns first eased on account of the sluggish market but towards weekend recovered when manufacturers here concluded with Djakarta authorities to process US cotton for Indonesia. Pakistan yarn remained weak in spite of the advanced cost; Indian products were steady on low stock; while Japanese yarns eased under marked-down indents. The sluggish market was further depressed by the arrival of 30 tons of cotton yarn from China.

**Cotton Piece Goods:** Weaving factories here reported that there was a slight decline in purchases by UK and SE Asia during recent months. Trading in cloth of other origins also slowed down in the local market and prices weak. Towards weekend, HK cloth recovered after factories here got the order from Djakarta to process US cotton for Indonesia.

**Rice:** Trading was active but prices failed to improve because supply was more than sufficient. South Vietnam also offered rice to HK.

**Wheat Flour:** American and Canadian flour improved on marked-up indents and increased freight rates. Trading was slow and prices for Australian, French and Japanese products declined. Cambodia made enquiries but no transaction was concluded.

**Sugar:** Prices were kept firm by enquiries from Laos for 2,000 tons. Indents for Japanese sugar were marked up by £1 to £44/10/- per ton. Taiwan sugar was also favoured by Vietnam.

**Cement:** Japan sent here more than 2,000 tons last week while another 2,000 tons are expected this week. Increased freight rates kept prices firm in the local market. Trading in Chinese cement was quiet.

## HONGKONG COMPANY INCORPORATIONS

The following new private companies were incorporated in Hongkong during the fortnight ended May 19, 1956:—

**Hongkong Factory Syndicate Limited:** Exporters and importers; Nominal Capital, \$100,000; Registered Office, 1 Des Voeux Road, Central, Hongkong; Subscribers—H. J. Armstrong, 561 The Peak, Hongkong, Solicitor; P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor.

**Construction Services Corporation Limited:** Nominal Capital, US\$25,000; Registered Office, The offices of Lowe, Bingham & Matthews, Alexandra House, Hongkong; Subscribers—H. J. Armstrong, 561 The Peak, Hongkong, Solicitor; P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor.

**Conduct Knitting Factory, Limited:** Nominal Capital, \$300,000; Registered Office, Tung Tau Industrial Section East Site No. 6, Kowloon; Subscribers—Charcy Siou, 68 Un Chau Street, Kowloon, Merchant; Adrian Siou, 68 Un Chau Street, Kowloon, Merchant.

**Honor Industrial Development Company:** Importers & exporters; Nominal Capital, \$100,000; Registered Office, 20 Stanley Street, Hongkong; Subscribers—Lew Orne, 36 Morrison Hill Road, Hongkong, Merchant; Lau Chek-man, 6 Tsap Tseung Street, Hongkong, Merchant.

**Mutual Estates Limited:** Nominal Capital, \$1 million; Registered Office, 229 Prince's Building, Hongkong, Subscribers—Lam Fung Ngor, 64 King's Road, Hongkong, Married Woman; Li Hong Chit, 64 Fort Street, Hongkong, Merchant.

**Australian Leathers (Hongkong) Limited:** To deal in shares and stocks; Nominal Capital, \$500,000; Registered Office, 101/102 Prince's Building, Hongkong; Subscribers—Harold Dudley Benham, 144 Island Road, Hongkong, Merchant; P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor.

**Sang Hing Hong Company, Limited:** Dealers in fuel oils; Nominal Capital, \$660,000; Registered Office, 84 Chung On Street, Tsun Wan, Subscribers—

Tang Yuek-Fan, 65-67 Kimberley Road, Kowloon, Merchant; Szeto Fong, 20 Connaught Road West, Hongkong, Merchant; Lo Kwan-Kui, 524 Lady Grantham New Village, Kowloon, Merchant.

**Song Development Corporation Limited:** To deal in shares and stocks; Nominal Capital, \$3 million; Subscribers—V. K. Song, 5 Cumberland Road, Kowloon, Merchant; C. P. T. Song, 5 Cumberland Road, Kowloon, Married Woman.

**Brigantine Services Limited:** Exporters and importers; Nominal Capital, \$400,000; Registered Office, 1 Des Voeux Road Central, Hongkong; Subscribers—H. J. Armstrong, 561 The Peak, Hongkong, Solicitor; P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor.

**Union Forwarding Agency, Limited:** Importers and exporters; Nominal Capital, \$200,000; Registered Office, 701 New Jardine House, Hongkong; Subscribers—C. P. Tan, 18 King Kwong Street, Hongkong, Merchant; J. P. Tech, 67 Lion Rock Road, Kowloon, Merchant; Ting Yok Han alias John Ting, 29 King's Road, Hongkong, Merchant; Cheng Woon, 4 Cheong Ming Street, Hongkong, Merchant.

**The China Thread Company, Limited:** Nominal Capital, \$1 million; Subscribers—Foo Kim Mann, 2 Magnolia Road, Yau Yat Chuen, Kowloon, Merchant, Chang Kim Ying, same address, Married Woman.

**Southern Company, Limited:** Proprietors and managers of theatres; Nominal Capital, \$5 million; Registered Office, 303 Princess Theatre Building, Kowloon; Subscribers—Runde Shaw, 6 Tak Shing Street, Kowloon, Merchant; Vee-Ing Shaw, 18 Dorset Crescent, Kowloon, Merchant; Vee-Say Shaw, 205 Prince Edward Road, Kowloon, Merchant.

**Mutual Industries Company, Limited:** Manufacturers of artificial pearls; Nominal Capital, \$100,000; Registered Office, 140 Connaught Road Central, Hongkong; Subscribers—Sy Seng-Lee, 132 Queen's Road West, Hongkong, Merchant; Raymond Tao Huang, 33 North Point Road, Hongkong, Merchant.